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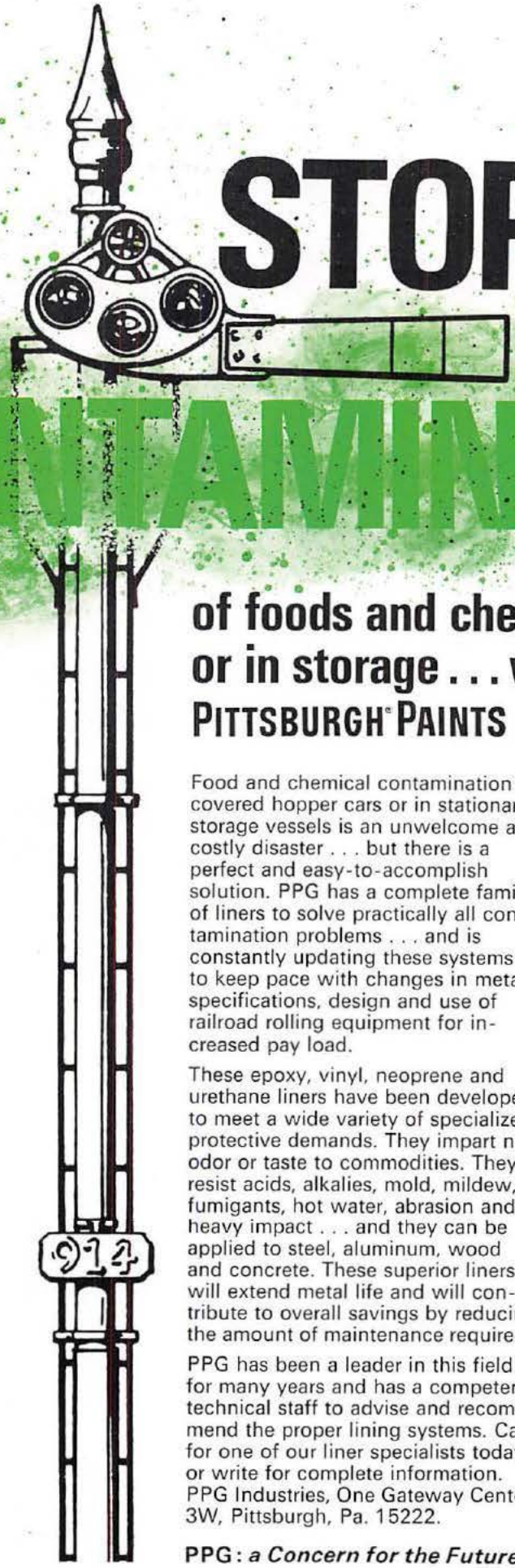

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November 29, 1971 • Vol. 171 No. 10

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Inside

LUTHER MILLER

A CAPITAL FORECAST . . .

In recent weeks, the editors of Railway Age have been collaring railroad executives across the land, trying to get a handle on capital-expenditure plans for 1972. Surprisingly, in view of the great uncertainties that currently cloud anybody's crystal ball, these executives were ready to talk about their '72 spending plans, either on or off the record. And in nearly every case, they forecast higher expenditures. The planned budgets range from small (one deeply troubled road hopes to hike spending from $3 million to $4 million) to stunning (SP is budgeting $339 million, up from $180 million). In SP's case, the increase is predicated on sheer need of equipment to handle anticipated rises in business; proposed reinstatement of the 7% investment tax credit does not figure in the fattening of SP's capital budget. But one midwestern road, now operating in the red, plans to lease 1,000 new cars in 1972 vs about 300 in 1971—solely on the basis of the tax credit (the lessor can pass on the benefits of the tax credit).

When all the returns were in, Senior Editor Gus Welty did the arithmetic—and came up with the report which begins on page 28. As we see it, capital expenditures for railroad plant and equipment in 1972 (in terms of orders, not deliveries; and including leased and private-carline equipment, as well as outright purchases by Class I railroads) will add up to more than $2 billion next year. This does not include outlays for fuel, materials and supplies, which are charged to the operating (rather than capital) account; nor does it include purchases of passenger equipment, by both Amtrak and rail-transit authorities.

. . . BUT SUPPLIERS WANT MORE THAN "PROMISES, PROMISES"

All well and good, from the long-range viewpoint of suppliers. But suppliers survive on short-range cash—and right now they are deeply pessimistic about short-range prospects. Their generally bearish attitude, as opposed to the bullish mood of railroads, was one of the more interesting phenomena that surfaced during the recent RPI-sponsored gathering-of-the-clan in Washington (page 11). Suppliers are hearing a lot of talk about next year's business; but they are seeing few orders.

At the same time, they see more peril than prosperity in the guidelines of Phase II of President Nixon's New Economic Policy. This mood will change if, as now seems likely, the Nixon Administration exempts rail suppliers from the 2.5% ceiling on price increases. In recent months, many suppliers have been quoting bargain-basement prices just to keep their lines open and ready to handle the expected flood of new orders; if they have to quote these same prices as orders pour in, they will be in trouble.

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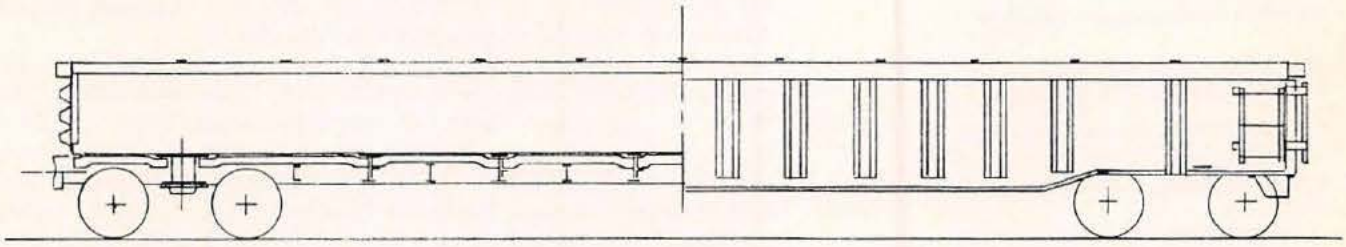

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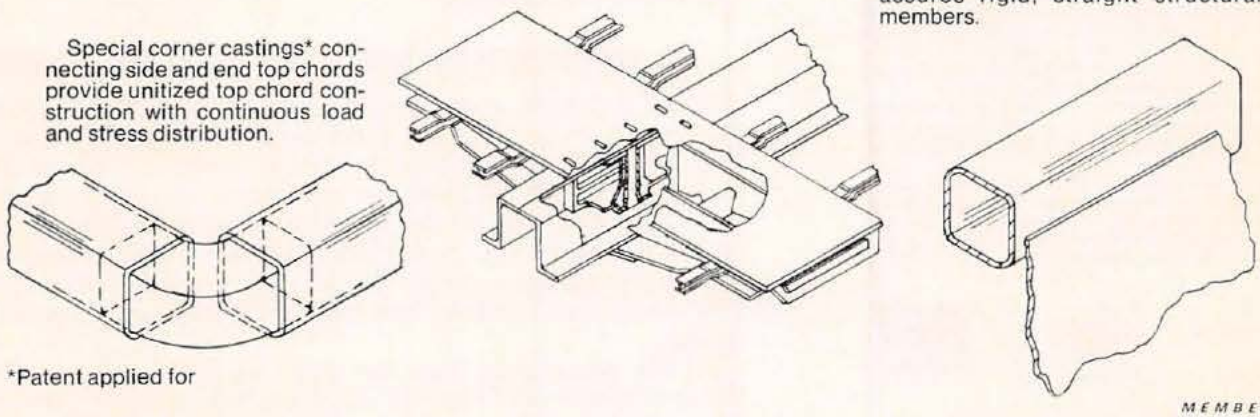

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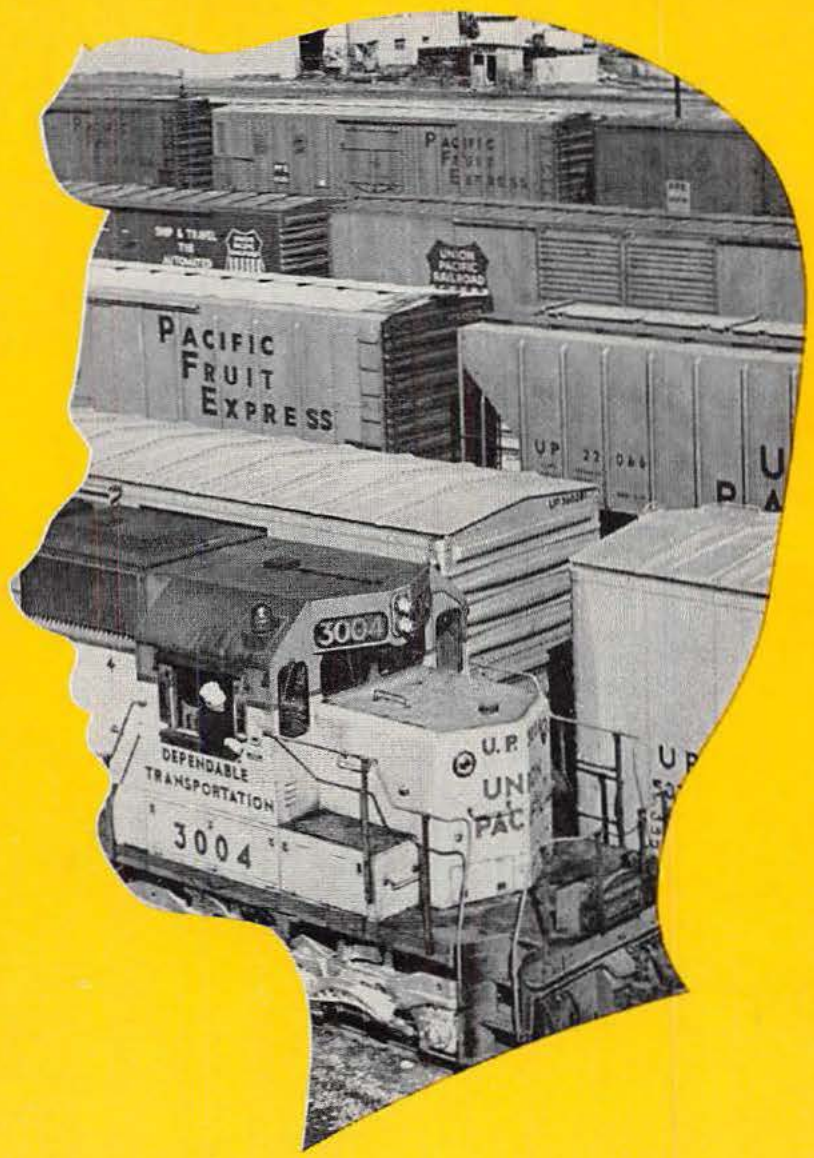

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PHASE II EXEMPTION?

Rail suppliers, profits down, seek price thaw

Three of the four railroad chief executives who appeared on the RPI's "meet the press" panel in Washington Nov. 18 were optimistic that 1972 will be a good year for railroads—maybe even a great one, relatively. "Railroads will move not only with but slightly better than the economy," predicted Union Pacific Chairman Frank Barnett. "The railroad business is a growth industry today which could make Xerox look modest. The demand for transportation is so great that railroads can't be anything but a growth industry."

Said Chesapeake & Ohio/Baltimore & Ohio President Hays T. Watkins: "It will be a good year, starting off slow, accelerating, and ending at a very high level." Penn Central President William H. Moore agreed: "I think it will be a great year." Only W. Graham Claytor, Jr., Southern's president, found the outlook "too clouded with uncertainties" to make a prediction one way or the other.

But the mood of many suppliers attending the annual meeting of the Railway Progress Institute was one of pessimism. The reasons were twofold: (1) While railroads are talking of heightened capital expenditures in calendar 1972, most present activity is in the form of inquiries, not firm orders (2) President Nixon's Phase II price guidelines could grievously hurt suppliers who in many cases have in recent months been providing equipment at or near cost (in some cases below cost) just to keep their production lines open.

The big question for these suppliers during "RPI day" was: Will they be subject to the Price Commission's general dictum that price increases must not produce pre-tax profits higher than the average of two of the last three fiscal years?

A statement by Treasury Under Secretary Charles E. Walker during a luncheon panel discussion provided hope that the guidelines might be relaxed for railroad suppliers.

Walker said, in reply to a question, that railroad suppliers might well qualify for an exemption in view of the fact that cars and locomotives are "custom tailored" according to each order; and the additional fact that pre-freeze prices had been abnormally depressed by abnormal marketplace conditions.

Walker asked that the RPI be in further touch with him on this matter.

Chances for an exemption are regarded by industry observers as good. The 2.5% price-increase guideline is intended to apply to the economy generally. Numerous exceptions will be made—and railway suppliers are believed to have as strong a case as any.

The RPI sessions, climaxed by the annual dinner at which DOT Secretary John A. Volpe was the principal speaker, were attended by more than 1,000 suppliers and their guests from the railroads and the Federal government.

RPI'S '72 LEADERS: New Chairman Donald Y. Clem (left), is president of McConway & Torley. Vice-chairman Elwyn T. Ahnquist heads Pullman-Standard.

Volpe joined Burlington Northern President Louis W. Menk and Jack C. Keeton, director of the Scouting Division, Boy Scouts of America, in presenting scholarship grants totaling $1,750 to three Boy Scouts who won the RPI's first annual essay competition.

The Secretary paid glowing tribute to the RPI as an effective voice of the railroads in Washington.

Said Volpe: "The cynics may say that if any industry needs promoting, it's the rail industry. But I'm no cynic. I much prefer men who are hard-working optimists; and if ever there were a capsule description of Nils Lennartson [RPI President] that would be it. Our people in the Department—not just at the FRA— know they can count on Nils and everyone at RPI for advice, support and a full measure of optimistic hard work . . . Nils—as well as the voluntary officers and the member companies of RPI—gives us important support for many of our projects both in the executive branch and the Congress. We welcome and appreciate such support."

Volpe also congratulates the RPI on its sponsorship of the Boy Scout essay contest, asserting that "programs of this type cannot help but result in more capable young men becoming interested in joining and developing the strong railroad system this nation must have in the demanding years ahead."

Earlier in the day, during the luncheon session, Union Pacific's Barnett also paid tribute to the suppliers' group (which was headed this past year by Henry A. Correa, president of ACF Industries). Said Barnett: "Some of us are in Washington frequently in connection with certain matters having an effect on the railroad industry. We have found that a large part of the decisions on legislation is based on being able to deliver the facts. The people in Washington must know them. RPI is one of the most effective organizations I know of in this regard. I congratulate you and thank you from the bottom of my heart on behalf of the railroad industry."

The new chairman of the RPI, succeeding Correa, is Donald Y. Clem, president of McConway & Torley Corp., Pittsburgh, who moves up from vice chairman. The new vice chairman is Elwyn T. Ahnquist, president of Pullman-Standard Division, Pullman, Inc., Chicago.

Winners of the Boy Scout awards were: Gordon A. Whiting, III, 17, West Chester, Pa., $1,000; Gary Toothe, 17, Baltimore, Md., $500; and Gordon Bjoraker, 15, Monona, Wis., $250. Twenty-one runners-up received $25 U.S. savings bonds.

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Lines on Labor

GUS WELTY

A PAUSE TO REFRESH?

Time flies. It's now nigh onto half a year since the United Transportation Union began shutting down the railroad industry, piece by piece. In the meantime, agreements have been reached with UTU and with most of the other unions that had unsettled disputes at midyear, including four shopcraft organizations and the Brotherhood of Railroad Signalmen. Perhaps the industry and its unions (Pay Board willing) really are on their way toward winding down the strife—for at least a year and hopefully for a longer period. Perhaps the industry and its unions really will be able to talk together during this period.

THEME FOR A HIATUS: "GETTING TO KNOW YOU"

It seems ridiculous, to think that companies and unions don't actually know each other, when they've been having dealings for decades and in some cases for upwards of 100 years. But times change, goals change, men change. Even in a situation as apparently simple as that facing UTU and the railroads last summer, you have to wonder just how well each adversary knew the other.

This goes back to the historians' argument that "Battles are lost, not won." It touches on the football coach's lament that "Mistakes beat us." And in replaying the UTU affair, you can raise all kinds of questions about assumptions and actions.

To set the stage: UTU and the carriers were locked in disagreement, mostly over work rules, in a wage/rules dispute. UTU threatened to strike selectively. The courts upheld the union's right to take such action, so long as it was in pursuit of a national settlement. And the questions began cropping up.

Why, for instance, did UTU abandon its two original targets and pick three new ones? In later strike calls, why did UTU avoid (until the very end) roads with severe financial problems—roads which could be expected to apply pressure for settlement? How far did UTU think it could go in adding to the strike list before it created the national emergency it professed to want to avoid? At the outset, did the union assume the railroads would call a lockout rather than promulgate new rules? Was thought given to rotating strikes (as the court had suggested) before it was realized that returning to work would be tantamount to accepting the new rules which a struck-then-unstruck railroad would surely promulgate? And on the carriers' side, was it assumed that nationwide promulgation would trigger a mass walkout, with UTU unable to maintain discipline? Finally, at what cost did UTU keep its people in line on non-struck properties?

OPPORTUNITY KNOCKS—BUT WILL ANYBODY ANSWER?

Only a doomsayer would proclaim that the upcoming period of contract stability offers a "last chance" for management and the unions. At the same time, you don't have to be a graduate economist to realize that railroads can't continue to agree to 1%-a-month pay increases without getting something back on the other end, something called "increased productivity." For the long-run good of all concerned, that's where the attention must be centered.

Price tag on new FRA track standards: $1.629 billion plus

A task force of the AAR's Engineering Division has put a price tag on the Track Safety Standards issued by the Federal Railroad Administration. This is the same task force that estimated the cost of the FRA's proposed standards as published in June.

The estimate of the task force is that compliance with the standards as adopted (RA, Nov. 8, p. 16) will require an initial expenditure on the part of the railroads of $1.629 billion and an annual additional expenditure of $116.2 million each year thereafter. The task force had estimated that the proposed standards would require an added initial expenditure of $2.204 billion and that the additional annual expenditure required to conform to these standards was $141.8 million.

The accompanying table shows the comparative figures as broken down by categories of work. Estimated initial and annual costs of crosstie requirements as adopted show no change from the earlier estimates. Also, there is no change in the additional annual cost of complying with the drainage and vegetation requirements. For all other categories, the estimated cost of compliance is less for the adopted standards than for those proposed in June.

Estimated cost—FRA Track Standards

Item	Proposed standards: Initial cost (millions)	Proposed standards: Annual cost (millions)	Standards as adopted: Initial cost (millions)	Standards as adopted: Annual cost (millions)
Drainage	$ —	$ 20.0	$ —	$ 20.0
Vegetation	—	15.0	—	15.0
Ballast	25.0	9.0	5.0	6.75
Gauge	126.0	50.0	103.6	37.5
Line and surface	315.0		231.0	
Ties	480.0	25.0	480.0	25.0
Rail	970.0	—	674.0	—
Rail welding and grinding	—	14.0	—	10.0
Rail testing	—	8.8	—	1.95
Joint bars	208.0	—	80.0	—
Tie plates	80.0	—	56.0	—
Total	$2,204.2	$141.8	$1,629.6	$116.2

In making its report on the cost of the revised standards, the task force emphasized that the estimates are based on the judgment of a small group of men who had a very limited amount of time in which to do the job. Under such conditions it was impossible to include all additional costs. Therefore, it was pointed out, the costs are doubtless not all-inclusive.

Amtrak shops for power; issues error-studded timetable

Amtrak, which has negotiated a $100-million line of credit with the First National Bank of Chicago (guaranteed by the Federal government), is in the market for 30 to 40 new locomotives. Total cost would be in the neighborhood of $10 million.

As for cars, a major goal for 1972-73 will be the retrofitting and refurbishing of existing equipment the agency is taking over from railroads. Whether this work will be done by railroad shops or by commercial firms, or a combination of both, had not been decided last week. Amtrak estimates that it can modernize existing cars for about $100,000 per unit, or about one-fifth the cost of buying new.

Another major goal for the near term will be the rationalizing of terminal operations, which now account for between one-third and 40% of operating costs.

Amtrak's plans for experimental fare restructuring, to make coach tariffs competitive with those of buses and airlines, got under way last week with the announcement of a 22% fare cut in the Boston-New York corridor.

The new fares are for an experimental six-month period.

Meanwhile, Amtrak on Nov. 14 published a new timetable which restored some famous train names.

Amtrak's new 72-page timetable, in a quite excellent format, unfortunately includes in the first 100,000 printed, hundreds of errors, some petty, some gross.

A few examples: A quick reference schedule from Boston to Chicago shows a train service which is, in fact, an eastbound train. The Chicago-Washington listing shows the National Limited arriving at 9:59 P.M. and is one of more than a dozen instances where there is a 12-hour error due to mixing the A.M.'s and the P.M.'s. Denver to New York and a number of other eastern cities shows service as three days when in fact it is only two; on the other hand Indianapolis to Washington shows as a two-day service when in fact it is only overnight.

In the detailed nationwide schedule section the most grievous error is the repetitive transposition of the explanation for the reference marks X and Y relating to meal service with the result that many famous trains show "snack or light meal and beverage service" only. Included are the Broadway, Lake Shore, National Limited, James Whitcomb Riley; all New York-Florida trains including the crack Florida Special; the Super Chief/El Capitan, Texas Chief, and the restored Panama Limited. The New York-Chicago schedule shows the Broadway arriving at Grand Central, and departing, mysteriously, a special reference shows from "Central Station" (not Penn Central).

The schedule of the Keystone between Pittsburgh and New York shows running time as 3 minutes between Johnstown and Altoona, 10 minutes between Lewistown and Harrisburg, and shows the train leaving both Harrisburg and Lancaster at 6 P.M. and incidentally, indicates it has dining service whereas the Broadway beside it is shown to have none.

There is no indication anywhere in the timetable that there is a through Metroliner service from Bridgeport, Conn. and Washington, D.C. although the train has been advertised in The New York Times.

The New York City phone number for Metroliner reservations is, in fact, the little ticket office in Hudson Terminal where the two employees on duty for a single shift are barely able to handle even the business they transact across a 6-ft. counter.

Submission of the DOT legislative package signals "the end of the

A bewildering assortment of railroad-aid proposals are now before Congress. The following report by Washington Editor Reid Beddow puts the DOT proposals alongside earlier ones—and assesses the chances of all.

November 1971 for rails might be called the end of the beginning—the end of a traumatic period for the industry that began 17 months ago with the Penn Central bankruptcy, and has nightmarishly continued through inflation, national wage-price controls, labor disputes, falling traffic, and a decline in the industry's rate of return last year to a level unknown in modern times.

The sending to Congress on Nov. 5 of the Nixon Administration's long-awaited program to provide financial assistance to rails and to lessen Federal regulation of surface transportation meant that the preliminary debate and handwringing over rail problems were over.

Congress now has before it epochal legislation proposed by rails and other regulated surface carriers and by the Administration. There are in addition three important bills designed to increase freight-car supply. Coming months probably will see a hybrid adoption of some components of all these proposals, possibly as early as May 1972.

That horsetrading and compromise were expected was hinted at by surface mode leaders themselves, led by AAR President Stephen Ailes, who testified Nov. 4 before the Senate Surface Transportation Subcommittee on their proposals.

This feeling was echoed on Nov. 16 by DOT Secretary John A. Volpe appearing before the same subcommittee on behalf of the Administration package. Said Secretary Volpe: "Many of our proposals are similar to those in S.

Proposals now before Congress—and an appraisal of their chances

There are now three main groupings of rail-aid bills before Congress. Hearings have begun on all, but are not complete. The groupings are:

I—Carrier-backed

This is S. 2362/H. R. 11207, introduced by Sen. Vance Hartke (D.-Ind.) and Rep. Brock Adams (D.-Wash.), and titled "The Surface Transportation Act of 1971." Its provisions would:

1. Create a Revenue Financing Division in the Treasury Department, similar to the old Reconstruction Finance Corporation, which could loan up to $5 billion to financially distressed carriers.
   Opposed at this time by Administration as unnecessary. May go, however, if Penn Central requires substantial government aid over the next five years, as seems likely, especially if broadened to include all business.
2. Direct ICC to develop standards and procedures for rate levels adequate for covering operating and capital costs, including return on investment.
   Liked by ICC as the lesser of several evils, and in accord with its own ongoing ex parte investigations of the rail rate structure and rate of return.
3. Prohibit discriminatory taxation of carrier property.
   Well documented by carriers, this may go. Passed the Senate in the last Congress. Backed by the Administration. Pressured by states and municipalities in an election year, Congress may not have the courage, however, to enact it in 1972.
4. Require domestic water carriers of dry bulk commodities, now exempt from regulation, to publish rates and direct ICC to investigate their ownership.
   Opposed by unregulated water carriers. A law passed by the last Congress requires DOT to study such carriage and report back by December 1972 with recommendations. Most likely Congress will wait for that report.
5. Require motor carriers of livestock and agricultural products now exempt from regulation to be brought under ICC regulation.
   Exempt for over 35 years, these carriers are likely to have U.S. Department of Agriculture help in preserving their freedom. No farm-state Congressman in an election year would want it any other way.
6. Permit rails to abandon uneconomic lines by informing ICC 45 days ahead of planned abandonment. If investigated by ICC, the Commission must render a decision in six months.
   Smooth sailing in Congress, but with tighter criteria, perhaps similar to the Administration proposal below.
7. Require states to use at least 5% (around $250 million) of Federal highway-aid monies for grade-crossing protection. Existing statute says states *may* use 10% of such funds.
   Opposed by the Administration, which feels it is allocating substantial funds for grade crossings now. To buttress its point, DOT released a report due next year under the Highway Safety Act of 1970 which showed progress made. Probably shot down by DOT.
8. Restore the investment tax credit at a rate of 10% for two years and 8% thereafter.
   The House has already passed reinstatement at a 7% level, and the Senate will do so any moment. Significantly, the Senate includes track replacements as eligible.
9. Permit ICC to submit its budget directly to Congress rather than through the President.
   Attractive to Congress, which would like to see ICC more responsive to it. Liked by ICC, which wants additional staff. Not at all popular at the White House Office of Management and Budget.
10. Extend five-year amortization of equipment costs, now enjoyed by rails, to motor and water carriers.
    Opposed vigorously by Administration, which points out that after 1972, rails will only have rapid amortization on rolling stock determined by Treasury regulations to be in "short supply." Other carriers, says the Administration, aren't in financial distress, and don't have the equipment shortages rails do.

II—Administration-backed

This is S. 2841/S. 2842, the long-awaited DOT package sent to Congress Nov. 5 and jointly introduced by Sen. Warren Magnuson (D.-Wash.) and Sen. Norris Cotton (R.-N.H.). The bills, and their provisions, are:

S. 2841: "The Transportation Assistance Act of 1971," which:

1. Creates a $3-billion Federal Railroad Equipment Obligation Insurance Fund to be run by DOT, but financed

beginning" in the fight for a fair deal in Washington

2362 (the industry bill) while others differ. We believe these common features provide a broad and sound base for dealing with problems."

How far Congress wants to go beyond this common base is the real question. Caution would seem to be dictated by the fact that 1972 is an election year. On the other hand, the industry's needs would seem to demand innovation. The box below gives the dimensions of Congress's present range of legislative selection.

The advent of the Administration proposals was the big news in November, and DOT Assistant Secretary for Policy Charles D. Baker on Nov. 11 was clearly a man with a load off his mind as he briefed reporters on their content. The package's release meant for Baker the end of an incredibly lengthy, intra-governmental hassle that began in October 1970 and continued virtually until the very letters of transmittal to Congress were being typed at the White House.

Baker dismissed the idea that President Nixon was not squarely behind the DOT proposals.

He said the case in Congress for the package would be built by shippers. The shipper attitude would be decisive, he suggested. "Ask Jim Springrose of Cargill, or Bill Smith of General Mills," Baker asserted. "They have said they will pay higher rates if better service is assured."

But Baker noted that "the carriers are not all opposed to everything. There is much they can go for."

By any measure, the Administration packages were impressive in scope. The feeling among observers, however, was that its key rate and rate bureau provisions were too controversial and advanced too far into terra incognita for an already harassed industry to have much chance of enactment.

# of passage

by a 1% premium on the principal of the equipment obligation outstanding.
The Administration modification of S. 1731, the car supply bill strongly backed by rails (see below).

2. Sets up a $35-million R&D program, under FRA, to devise a national freight car control system within two years.
This will go. Enjoys rail support, asks a modest-enough budget.
3. Prohibits discriminatory taxation of carrier property. See I(3) above.

S. 2842: "The Transportation Regulatory Modernization Act of 1971," which:

1. Declares no railroad is obligated to establish a less than compensatory rate.
DOT estimates rails lose $480 million annually in below-cost traffic.
2. Transfers responsibility for rail per diem rates from ICC to DOT. Leaves demurrage charges and car service orders with ICC.
3. Rails may abandon any line on 30-days' notice to ICC. If the abandonment is protested, ICC has six months to investigate. ICC must approve the abandonment *unless* it finds the line (a) has generated 1 million ton miles of traffic per mile over the last 12 months and that revenues from the line have been enough to cover variable costs of the service for the past 12 months, or (b) has not generated either 1 million ton miles of traffic per mile or revenues to cover variable costs for 12 months but that user has no transportation alternative. If ICC finds (a) to be true, it may deny abandonment. If it finds (b) to be the case, ICC may retain jurisdiction for a further six months and then issue the abandonment certificate unless circumstances have changed the original criteria.
These generally more explicit criteria may be more attractive to Congress than those in S. 2362.
4. Requires DOT within one year to prescribe cost and accounting methods to be used by rails, and then by ICC in calculating variable and fully allocated costs.
Congress, and DOT, complain constantly about the figures furnished them by ICC.
5. Gives ICC jurisdiction over intrastate rail rates if state regulatory bodies have not acted on a rate request within 120 days.
Congress may listen to NARUC in an election year.
6. Establishes a "zone of reasonableness" within which rail, truck, and water carrier rates can move up or down without ICC approval. Bottom of the zone is variable costs; top of the zone is 150% of fully allocated costs, including a reasonable return on investment. Competition and antitrust laws are depended upon to keep rates in line.
Too controversial; chances very dim. Rails unhappy with top of zone standard, would have preferred 150% of variable-costs ceiling.
7. Repeals that portion of Section 22 of the Interstate Commerce Act which permits special, lower rates for governmental authorities.
8. Drastically loosens rules for entry into trucking. Facilitates granting of permits to contract carriers.
Over the dead body of American Trucking Associations and the Teamsters.
9. Removes much of the Reed-Bulwinkle Act antitrust immunity of carrier rate bureaus to provide for increased pricing initiative by individual carriers.
Vehemently opposed by carriers.
Not included in the Administration bill: A proposal for a roadway trust fund (which was to have been funded by a 2% surcharge on waybills, with matching funds from railroads). DOT sources said railroad opposition killed this proposal some weeks ago.

III—The Freight Car Bills

There are three, one proposed by labor, one jointly by NIT League and AAR, and one solely by rails. They are:

S. 1729, co-sponsored by 33 senators, endorsed by Congress of Railway Unions, United Mine Workers. It would establish a $3-billion government-controlled corporation, "Fastcor," to acquire and maintain a fleet of general service cars.

S. 1730, NIT League's bill, supported by rails. It would create a private corporation, known as the "National Freight Car Corp." to build and own general service cars to be made available to shippers during times of shortage.

S. 1731, similar to II (1) above, backed by AAR and endorsed in principle by NIT League. It authorizes the Secretary of the Treasury to insure up to $3 billion of loans for rail equipment purchases. Rails would pay the Treasury a one-fourth of 1% premium on the principal outstanding.
The Senate Commerce Committee reportedly will approve a bill similar to S. 1729. Rails are lobbying intensively to soften it, particularly in regard to car service rules (as now written, Fastcor would receive car service powers from ICC).

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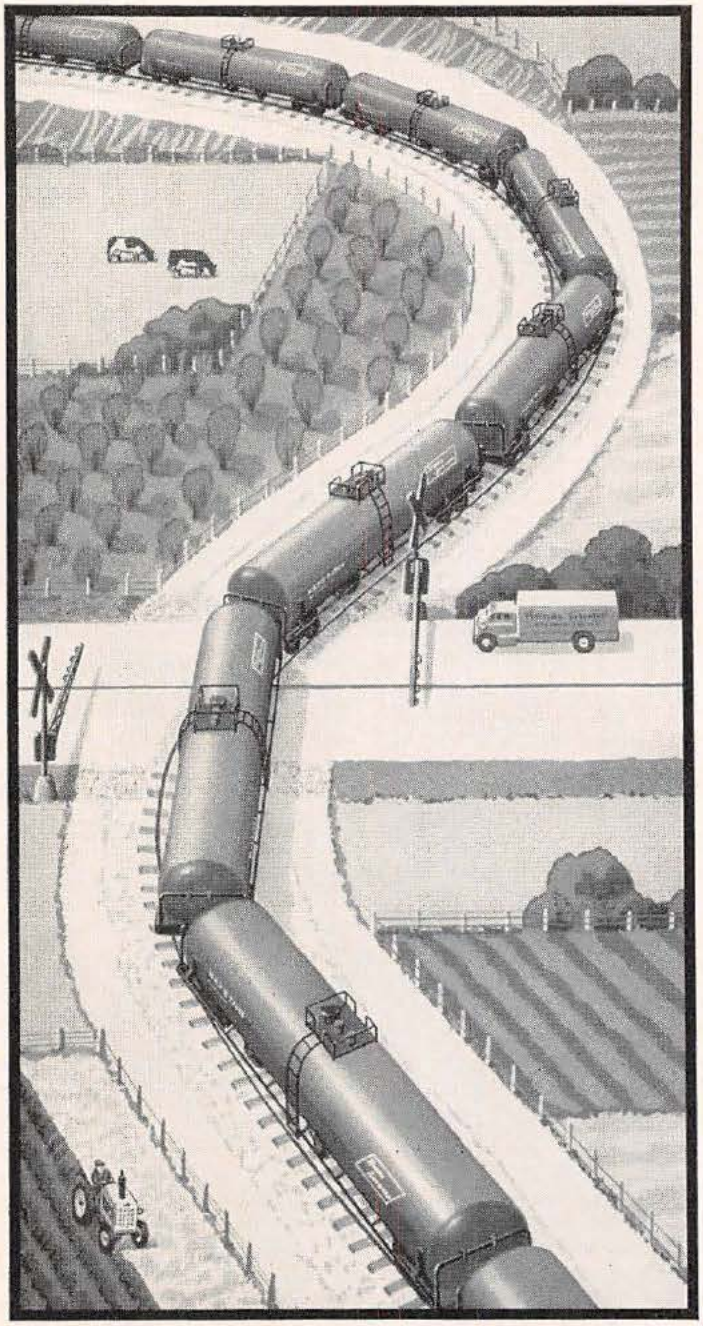

SEMCO (Soil Enrichment Materials Corporation) is a new company working in the field of environmental improvement. It specializes in utilizing organic wastes to enrich and restore soil without risking impairment of water quality or soil productivity.

SEMCO came to North American Car with a problem. How could they pick up large quantities of fully digested and aged organic fertilizer processed and stored in lagoons by the Metropolitan Sanitary District of Greater Chicago and get it to the farmlands where it was needed?

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At one location, 3,000 tons of slurry a day are moved through a pipeline to a rail loading site where high-speed pumps transfer it into tank cars. Then it is moved by the trainload to a farm region where it is restored to the soil.

SEMCO's and North American's partnership takes the scientific approach to the completion of the ecological cycle. Chicago is only the beginning. Our partnership can enrich farmlands anywhere by utilizing organic wastes which pose an ever growing problem to every municipality or industry.

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Circle 6 on coupon page 59

Watching Washington

AEC'S KLEIN GOES TO FRA

REID BEDDOW

FRA Administrator John W. Ingram on Nov. 17 picked an Atomic Energy Commission expert to head his agency's R&D programs with the title of associate administrator. The new man is Milton Klein, with AEC for 25 years, most recently as manager of the joint AEC/NASA Space Nuclear Systems Office. He will direct High Speed Ground Transportation projects, as well as research on conventional systems. With luck, he will be the person to oversee FRA development of a nationwide car control and scheduling system, an appropriation for which is now pending in Congress. Knowing John Ingram, most people do not think FRA research will stop with current or planned projects: and Klein's extensive background in nuclear rockets makes him the kind of pragmatic visionary Ingram likes around him.

DOT OBSERVERS TO DERBY?

DOT Under Secretary James M. Beggs flew to London Nov. 15 with his chief scientific advisor, Assistant Secretary Robert H. Cannon, Jr. After dining with British Rail Chairman Richard Marsh, the two went on to Derby, home of BR's research center, where the Advanced Passenger Train is under development. Back in Washington, Beggs said DOT/BR "collaboration" on high-speed ground research would be of "enormous advantage" to the U.S. Britain, he said, leads the world in development of high-speed trains for existing tracks. Beggs said DOT wants to send observers to Derby to work along with BR scientists on the APT and associated track, signaling, and communications systems. BR, he added, is willing to negotiate such an agreement. Earlier in Derby, however, Dr. Cannon emphasized to reporters that APT's attractiveness did not mean it was the only system DOT would investigate for potential U.S. use. Nevertheless, DOT's interest buoyed BR's hopes for export sales to the U. S. by 1976.

The visit had at least one other by-product, moreover. Under Secretary Beggs said conversations with BR Chairman Marsh confirmed his feeling that nationalization of rail transport was not applicable to the American experience, noting that BR itself had to set up a wholly private subsidiary to attract venture capital.

CAR-DIRECTION CASE TO HIGH COURT

The U. S. Supreme Court agreed Nov. 9 to review a lower court decision invalidating an ICC rule that requires rails, in assigning and dispatching cars, to keep the cars moving loaded or unloaded in the direction of the owning road. ICC intended the rule to alleviate car shortages. Steel producers appealed it on grounds ICC hadn't proved the car shortage was more acute on owner than on non-owner lines. A Federal district court agreed, also holding that ICC had failed to consider the relative financial capability of different roads to buy more cars. ICC then appealed the case to the high court.

NEW MASTER INSURANCE PLAN OFFERED NATION'S SHORT LINES

Baltimore, Md. — Knowing the insurance problems of Railroads and how to solve them has led to the development of a nationwide railroad insurance program by Canton Agency, Inc. C.A.I., one of the largest independent insurance agents in Baltimore, is a wholly-owned subsidiary of the transportation-oriented Canton Company of Baltimore, operator of the Canton Railroad.

• **Specifically Designed for Short Lines** — The new "master insurance plan," which has received the recommendation of the Executive Committee of the American Short Line Railroad Association, is specifically designed for Short Line railroads and is rated on their characteristics.

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10,500 miles of track meant a lot to you last year. This year it means even more.

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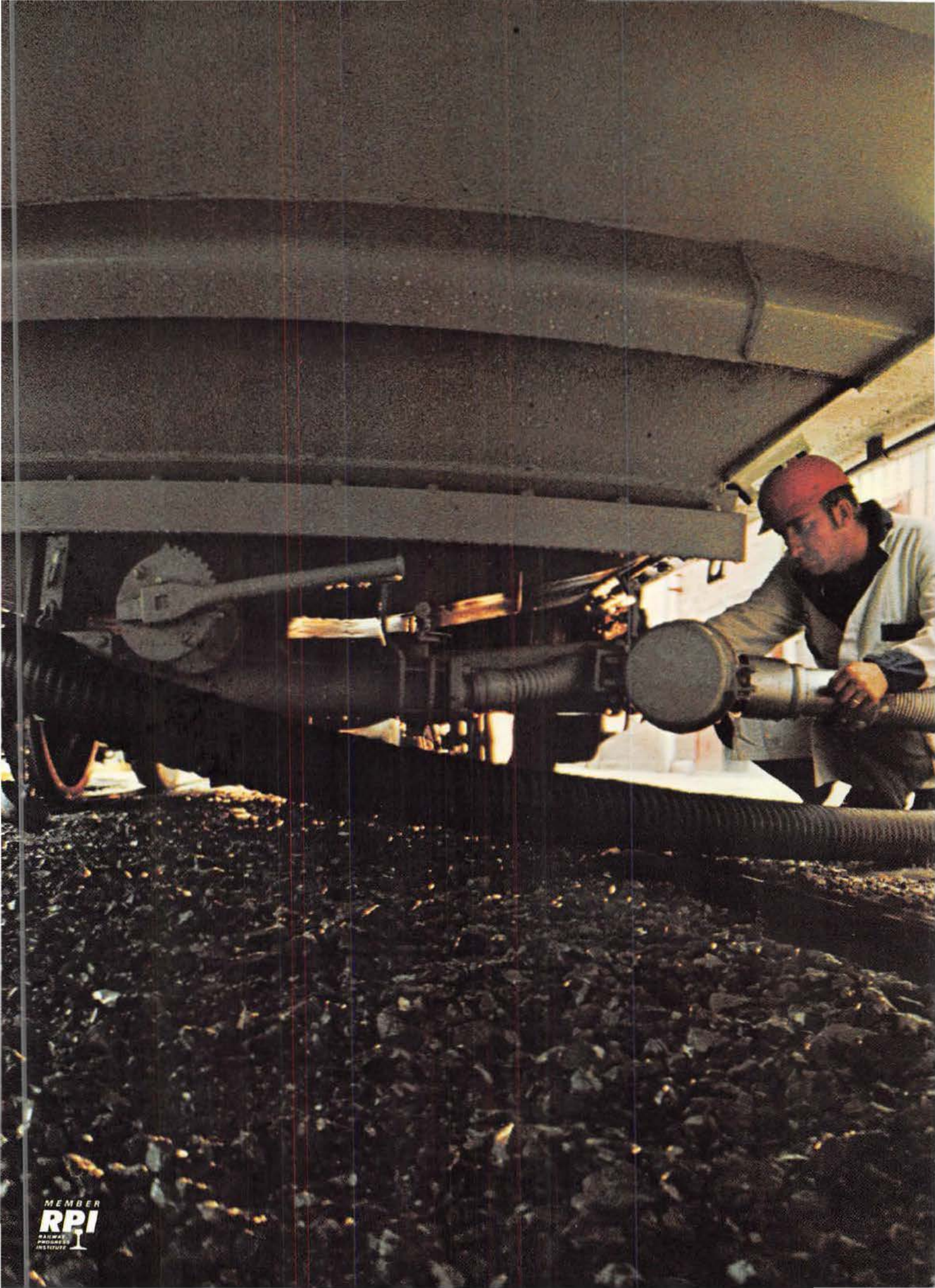
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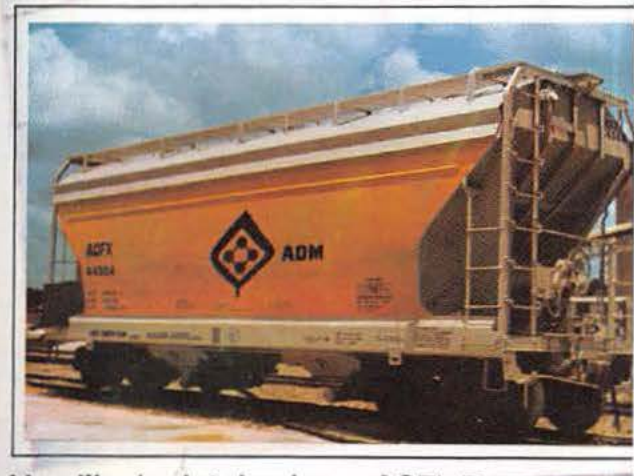
The Flour Power Car.



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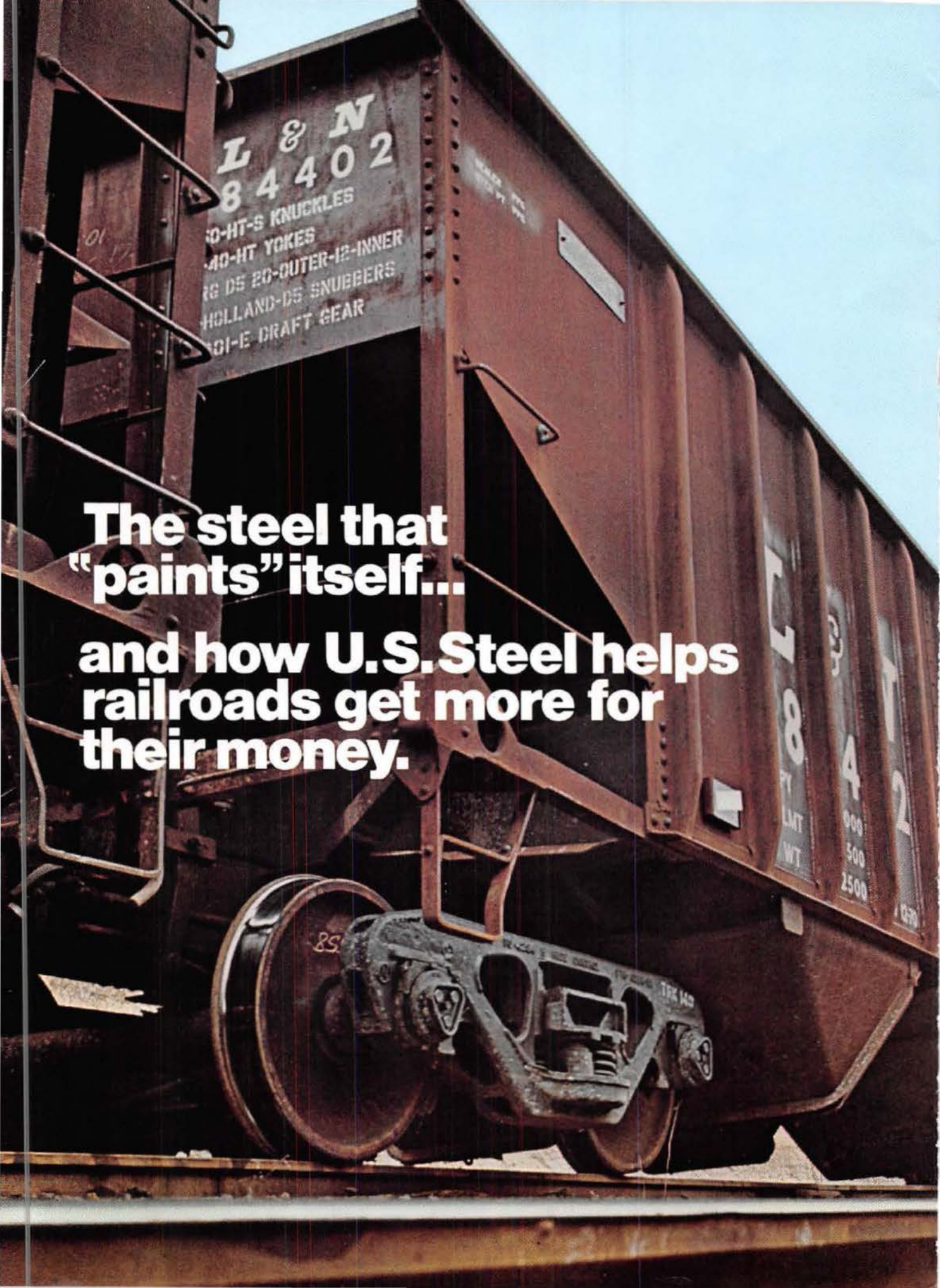

The steel that "paints" itself...

and how U.S. Steel helps railroads get more for their money.

Twelve-hundred new hopper cars are helping the Louisville and Nashville Railroad hold the line on maintenance costs. Pullman-Standard built their bodies of bare USS COR-TEN "A" Steel, the high-strength, low-alloy steel that "paints" itself.

The dense, russet coating of protective oxide it develops from exposure to the elements makes USS COR-TEN "A" Steel five to eight times as resistant to atmospheric corrosion as carbon steel.

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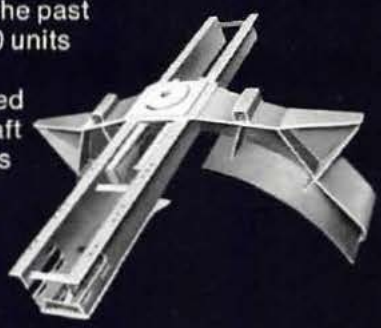
On the road or on the rails, safety is the all important ingredient in building cars—automobiles or tank cars.

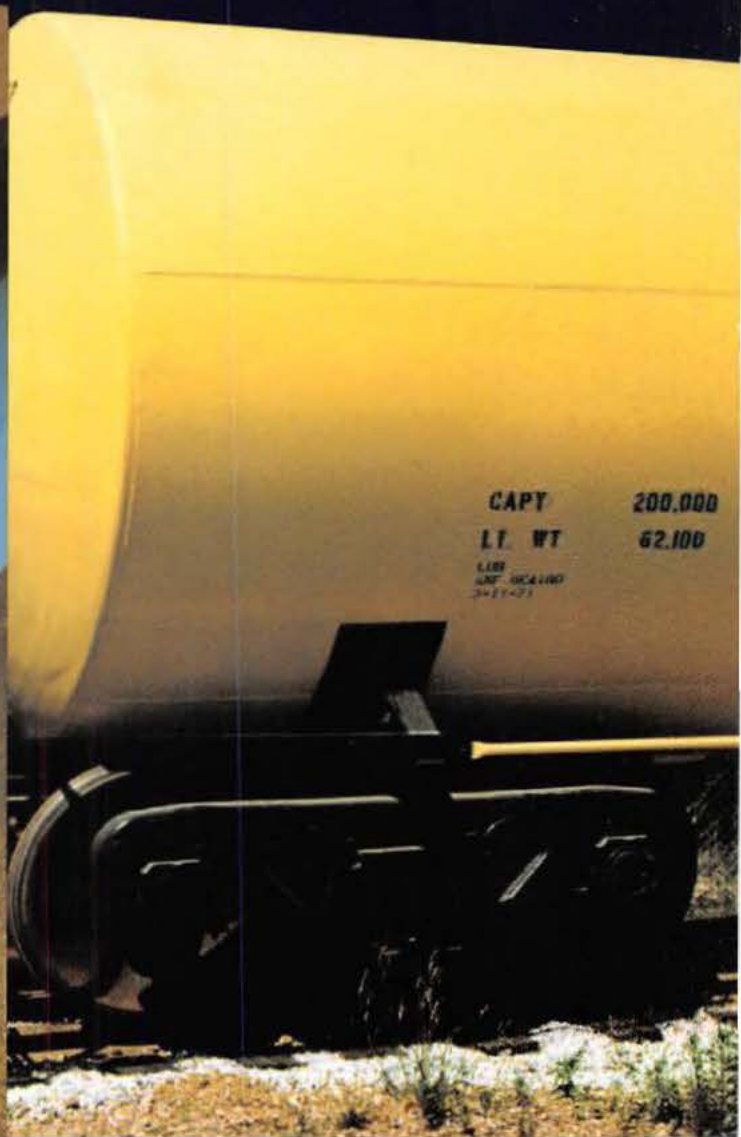
AMF Incorporated was chosen by the U.S. Department of Transportation to build an Experimental Safety Vehicle for research on highway safety.

Beaird, an AMF subsidiary, has been building safety into tank cars over the past 15 years. More than 10,000 units have been built.



The specially designed heavy duty bolster and draft sills of the Beaird tank cars have withstood impact tests of over 800,000 pounds. The bumper

A model of the Experimental Safety Vehicle built by the AMF Advanced Systems Laboratory in Santa Barbara, California, shown above, incorporates the ultimate in safety features to minimize occupant injury.



the goose is good gander.

of the AMF Experimental Safety Vehicle has withstood the impact of 50 MPH collisions without damage.

AMF Beaird custom tailors tank cars to any length and any user's specifications (4,000 to more than 40,000 gallons capacity). And, we build tank cars from carbon and stainless steel, aluminum and other alloys, with or without heating or cooling coils if required by the product to be transported.

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Naturally, our rail cars meet or beat AAR standards.

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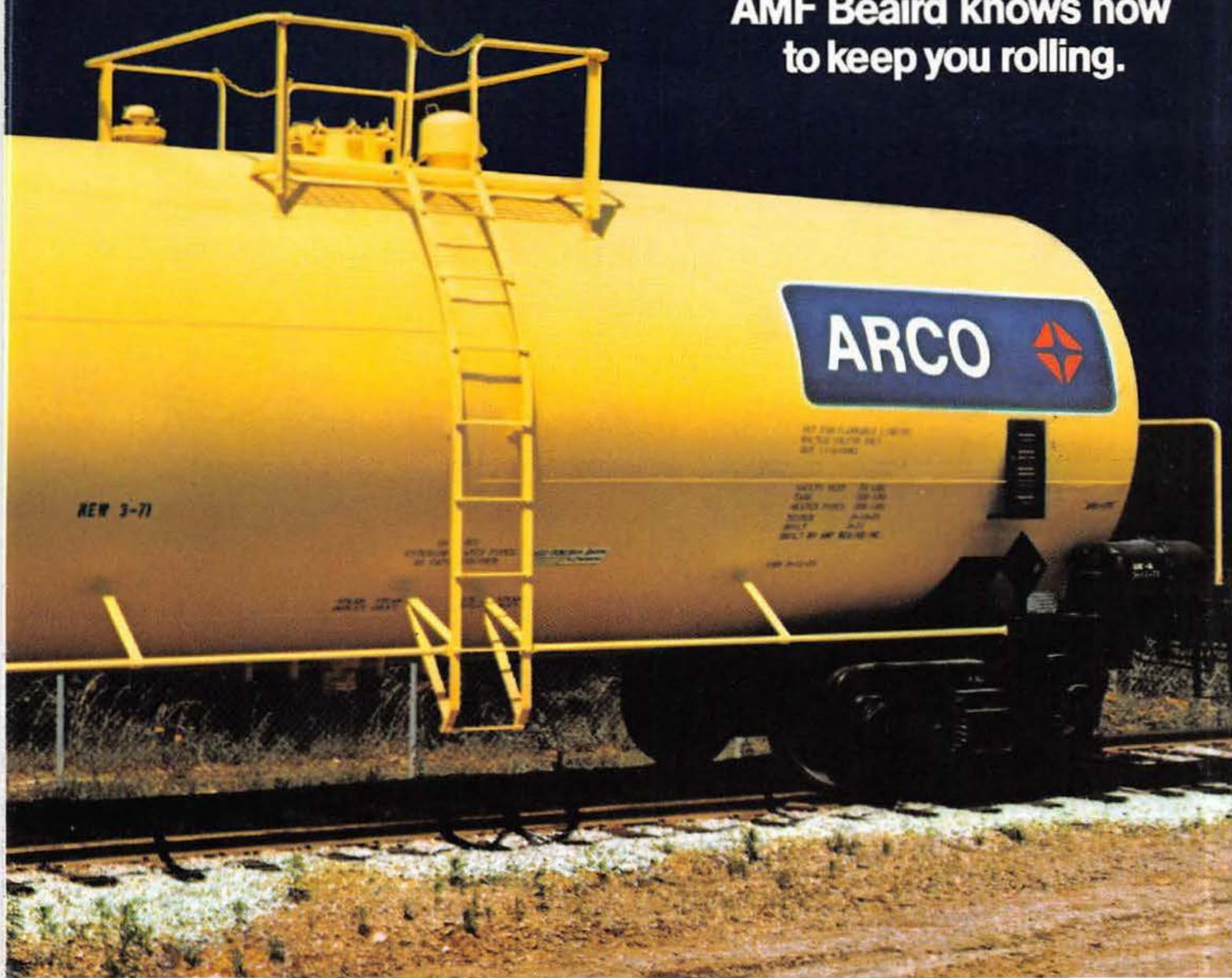

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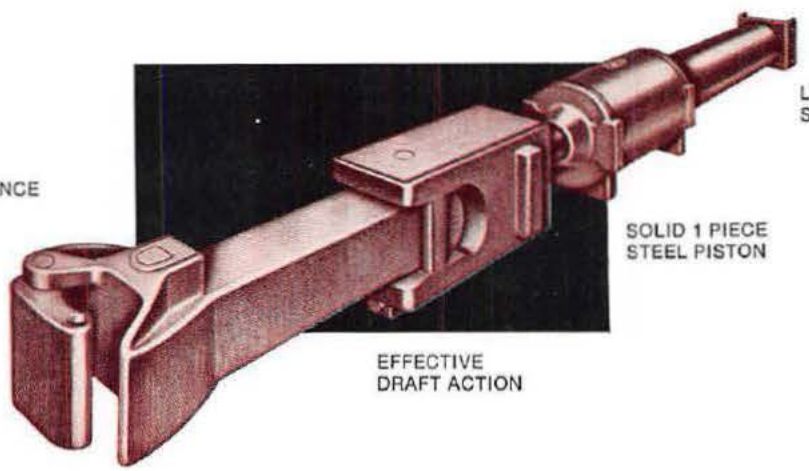

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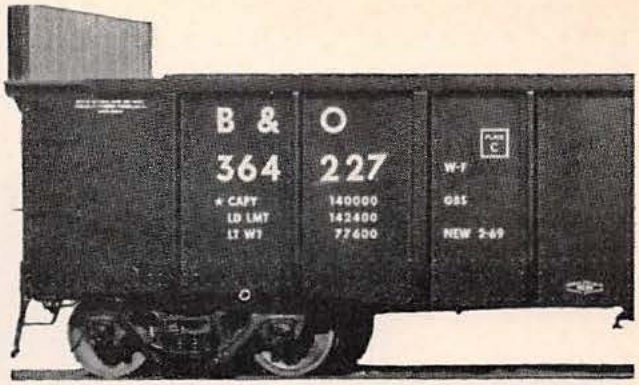

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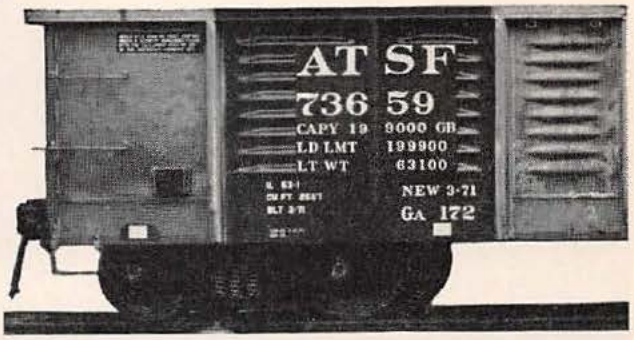

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This means new ways must be found to move high-volume cargo rapidly, safely and economically within our cities and from one city to another. Solutions to these problems can come only from experienced freight car builders who have the knowledge, capabilities and advanced ideas to produce shipper-tailored freight cars.

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Circle 13 on coupon page 59

Budget-planning '72:

	1971 (Estimated)	1972 (Projected)
Freight cars	$962,500,000	$1,312,500,000
Locomotives	360,000,000	360,000,000
Fixed plant	350,000,000	425,000,000
Total	$1,672,500,000	$2,097,500,000

Figures include Class I railroad capital expenditures plus value of leased and private-carline equipment.

Spending forecast: $2 billion

By GUS WELTY, Senior Editor

America's railroads are once again gearing up for what has become their annual miracle—the miracle of equipment and plant expansion and renewal, superimposed on a rate-of-return that has lately been minuscule.

At this point, there is no doubt which way capital expenditures are heading in 1972. They are heading up. The question is: How far up? And the answer could be: As high as $2 billion.

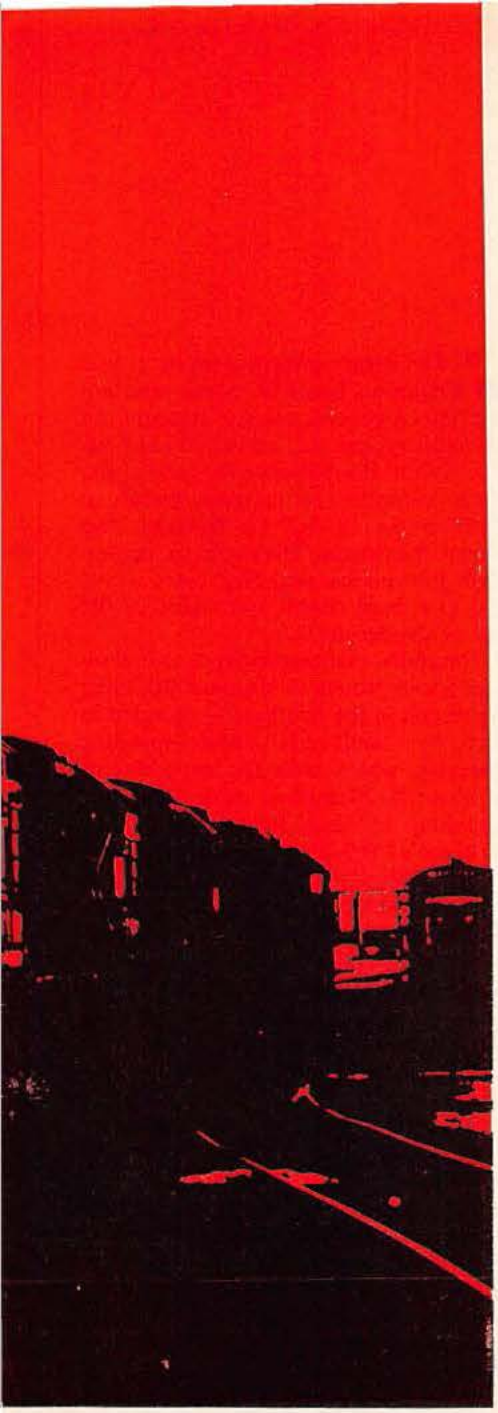
The arithmetic is not difficult: $2 billion is made up of approximately 75,000 freight cars, 1,200 locomotives and a fixed-plant expenditure totaling about one-fourth of the expenditure for equipment.

Next question: Is $2 billion attainable? And here is where the figures, the estimates and the guesses vary all over the lot. Few people will argue seriously with the need for spending at such a high level. It is the capability that is in doubt—and, obviously, a lot of pieces in the puzzle are going to have to fall just right if the capability is to be developed.

- **Positive signals.** There are, however, significant signs of strength in the marketplace:

—Southern Pacific startled just about everyone, with a $339-million program that includes acquisition of 9,781 freight cars and 211 locomotives. Even if as many as 5,000 cars have to be carried over into 1973, SP's actual expenditures in '72 are expected to hit $145 million for equipment and $105 million for fixed plant. This compares with total spending of $180 million in 1971, divided $102 million for equipment and $78 million for plant.

—Penn Central is again proposing a



plus

massive program, involving equipment valued at $200 million and plant improvements pegged at $35 million. Semantics become a problem with PC in figuring railroad "capital expenditures" since the tentative '72 program again calls for heavy emphasis on leasing—200 locomotives (not including 50 Pittsburgh & Lake Erie units), 6,097 freight cars and 1,000 rebuilds. But regardless of the financing, if PC can swing its program, value-added to PC and industry capability may come close to equalling SP's total.

—While the impact of dock and coal strikes has slowed improvement planning for a number of eastern roads, major western lines are planning 1972 expenditures at levels no less than 1971's and in some cases at levels substantially higher. On the list are Burlington Northern, Union Pacific, Santa Fe, Missouri Pacific, Frisco. BN, for example, is proposing across-the-board increases, for motive power, freight cars and plant. Santa Fe has approved an equipment program which is lighter than 1971's on freight cars but which also includes a jump from zero to 52 on new locomotives (and an increase in production rate from one-a-month to one-a-week on in-house conversion of obsolete power for use in secondary-service); yet to come is Santa Fe's fixed-plant program, which may well turn out to be heavier than usual. Missouri Pacific has made its first equipment commitments for next year—50 locomotives, 2,500 freight cars—and additional orders quite possibly will be placed early next year.

● **Improvement coming.** These bullish indicators point to a strong recovery from the depressed improvement-spending levels of 1971. Estimates now available on Class I railroad-only capital expenditures for this year add up to about $1.2 billion, with equipment accounting for $860 million and fixed-plant for $340 million. For comparison purposes, the 1970 figures were $1.35 billion total, made up of $993 million for equipment and $357 million for plant.

Necessarily, estimates for 1972 have to be more in the nature of projections than predictions. And, while economic forecasters normally hedge every bet, at this point they have better-than-ever reasons for doing so. It is, one economist sighed, "a topsy-turvy situation."

● **The external influences.** Among the many factors to be blended:

—Congressional action, most specifically on tax legislation. The tax package cleared the House with comparatively little difficulty. Included in the bill was restoration of the 7% investment tax credit, and the basics of this survived examination by the Senate Finance Committee. There were, however, several amendments—one of which would extend the credit to new track purchases and apply it retroactively to the post-1962 period when the credit was originally in effect; and another of which, left unchanged, might result in a reduction of the credit to 4% on communications equipment.

—Politics, as applied to broad transportation legislation. Railroads (along with motor carriers and waterways operators) are giving strong backing to the Hartke-Adams bills, embodying the surface transportation industry's own proposals. But the Administration has finally come through with its own transportation plan, and the differences between it and the Surface Transportation Act of 1971 are many and significant. In terms of financial aid, for example, the STA would set up a new Treasury Department division, modeled after the old Reconstruction Finance Corp., which would be authorized to make available up to $5 billion in loans and loan guarantees to aid surface carriers in improving and expanding equipment and facilities. The Administration program, sent to Congress via DOT, would empower the Secretary to establish a Federal Railroad Equipment Obligation Insurance Fund with a limit of $3 billion on unpaid equipment obligations outstanding at any one time. And despite strong backing for creation of some form of maintenance trust fund, the Administration-approved proposal ignores this aspect completely.

—Action during Phase 2 of President Nixon's economic program by the pay and price boards. Again, the arithmetic is not difficult. If previously-negotiated wage increases are allowed to go through as scheduled and if at the same time price increases are limited to 2.5%, then there is trouble ahead. It is true that in agreements worked out with the operating brotherhoods there is a measure of work-rules reform which offers promise of improved productivity and business-building service improvement. But there will be a considerable time-lag before these benefits start showing up. In the meantime, labor costs may be forced up—and employee-protection agreements, merger-related and otherwise, continue to work against the industry's ability to make manpower savings.

—The impact on capital and operating budgets of Federal Railroad Administration standards covering track and equipment. It has been estimated that the track standards, as originally proposed, would have required expenditer of more than $2.2 billion to bring track into compliance, and the budgeting of more than $141 million each year in additional expenditures to stay with the standards. FRA subsequently revised its program, but the estimated price-tag is still high—more than $1.6 billion for initial compliance and about $116 million in extra annual expenditure. Yet to come are FRA's equipment standards—and this is something like waiting for the other shoe to drop. The original supposition was that equipment standards, unlike track standards, would not

THE TOTAL RAIL AND RAIL-RELATED MARKET CAN ADD UP TO OVER $4 BILLION

land on the industry with devastating economic impact—because the AAR itself already covers the equipment area with mandatory standards. That original supposition, however, may turn out to be something less than accurate.

—General economic conditions. The Administration looks forward confidently to a late-1971 upturn and an economically-strong 1972. But Federal Reserve Board figures showed only a slight gain in industrial production in October. And some rail researchers, trying to get a fix on '72 traffic levels, do not at this point share the Administration's rosy outlook.

● **Rosy—or gloomy?** Under the circumstances, it is not surprising that the attitude among rail suppliers covers a broader-than-ever range—from confidence, born of a full 1972 order-and-reservation book, for some, to a nagging feeling of doubt and gloom for others.

At the same time, it is hard to discount the fact that the railroad and rail-related market in '72 can add up to well over $4 billion—including the value of purchased and leased equipment, fixed-property investment, ordinary purchases at a level of about $1.7 billion to $1.8 billion, and the equipment-and-plant investments which will be made by rail-based transit systems.

Also to be taken into account are year-to-year fluctuations which can be misleading. In the fixed-property area, just a few major projects can throw traditional relationships out of kilter—and '72 may have more than its share of those major projects with SP budgeting $23 million for Colton Yard (out of $39 million to be spent on the facility over the 1971-73 period), and with Burlington Northern getting into full-scale work at Northtown Yard, progressing trackage changes at Spokane and then getting a start on a new yard in the Spokane area. On the equipment side, Frisco and Chesapeake & Ohio/Baltimore & Ohio offer as good examples as any of the variations in spending involved in the context of authorizatiions, orders and deliveries. As Frisco figures things, equipment spending has run about the same in each of the past three years and will hold steady next year, at about $16 million. But Frisco shows 30 locomotives originally scheduled for 1970 that were delivered in '71—and its '72 program includes several hundred freight cars which will actually be received this year. C&O/B&O has also had relatively stable programs over the past several years, with one exception—1971, when there was a bunching (principally involving locomotives and hopper cars) which resulted in a reportable jump from $128 million in equipment and roadway expenditures in 1969 and almost as much in 1970 to $152 million estimated for this year. Proposed expenditures for 1972 now add up to $120 million—but C&O/B&O does not regard the apparent reduction as a real one, or one related to the recent unpleasantness in the coal fields.

● **How the tax credit figures.** It should also be noted that the investment tax credit reinstatement—though important—has not been the deciding factor in many of the capital-spending increases planned for next year. Southern Pacific, for instance, estimates that reinstatement of the credit would create a retroactive saving of about $1 million for 1971 plus $2 million to $3 million additional on orders now being placed. But top SP people say their decision was based primarily on need—the need for additional motive power and equipment to meet anticipated business increases. Much the same story comes from Burlington Northern. Proposed increases in equipment acquisition were certainly encouraged by the prospect of tax-credit reinstatement—but they were not predicated on it.

So far as suppliers of big-ticket equipment are concerned, there is an additional point to be considered—and that is the increasing capability of the railroad industry to make better use of what it has. Backed by major expenditures in communications and data-processing equipment, most roads are working toward better utilization and distribution of both motive power and freight cars. As just one example, there seems to be little doubt that Santa Fe's absence from the power market this year was directly related to a significant jump in utilizing existing power.

The freight-car market may be affected similarly—with every major road trying to improve car use, with the AAR trying to bring all the pieces together and now with the Administration proposing a $35-million R&D program to develop a schedule-and-control system "capable of expediting the movement of rolling stock on a national basis." Here, too, though, there is a big offsetting factor—the traffic growth that most roads are projecting.

● **The future growth pattern.** It was BN Chairman Louis W. Menk who put this into a precise context recently, on an industry and an individual-road basis. "While the industry in general expects ton-miles to increase by about 50% in the 1970s," he declared, "we expect Burlington Northern to accomplish that in the next five years alone, and to at least double our traffic by the end of the decade."

Naturally, not everybody is that ebullient about growth in business. But there is strength in the Southeast—reflected in part by Southern's capital-spending planning, which calls for expenditures of about $130 million or a bit more. Spending at that leveel would put Southern's 1969-72 average at just under $130 million——up sharply from a 1966-68 average of under $87 million. And in the East, Penn Central has projected a significant traffic increase for next year, to about 87.2 billion ton-miles from 83.4 billion this year (a figure that will require adjustment, since it did not take into account the coal strike).

● **Retirements outspace installation** It is worth noting, too, that regardless of what happens to traffic volume, and despite improvements in car-control methods, railroads could be in a bind simply because old equipment is being retired faster than new equipment is coming on-line. As Railway Progress Institute Chairman Henry A. Correa pointed out in testimony backing restoration of the tax credit, freight-car retirements have averaged about 88,000 units over the past five years. But new-car deliveries added up to only 69,000 units in 1969 and the total dropped to 66,000 in 1970. Much the same story holds for the motive-power situation, with deliveries averaging about 1,000 units annually and retirements running substantially higher.

History indicates, Correa told the legislators, that approval of the tax credit could help reverse the trend. When the credit was first applied in 1962, he recalled, locomotive deliveries began climbing—from less than 300 units in 1961 to a peak of more than 1,400 in 1966. Freight-car deliveries followed a similar pattern, increasing from approximately 31,000 in 1961 to almost 90,000 in 1966—the year that Class I railroad spending for equipment topped $1.5 billion and expenditures by non-carrier companies pushed the total close to the $2-billion mark.

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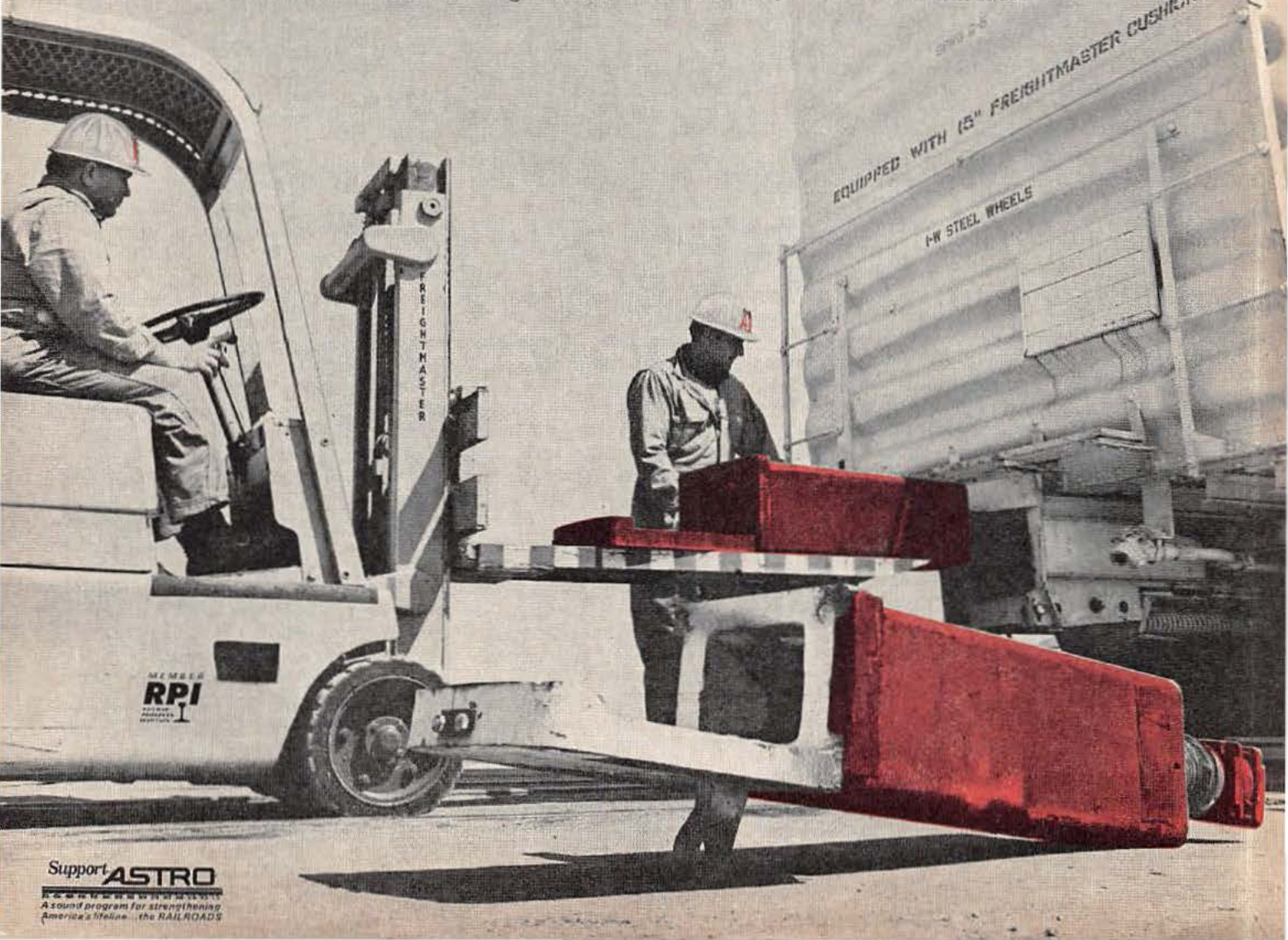

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● **Not a bad record.** Over the years, individual roads have been able to do a creditable job of maintaining and adding onto the fleet—some individual roads, that is, not all. Southern Pacific, for instance, takes pride in its equipment-improvement record—which shows expenditures of $3.5 billion since World War II for plant and equipment, and expenditures of $1.7 billion in just the past 10 years for 1,275 locomotives and about 40,000 freight cars. SP's proposed programs for 1972-73 will boost that record substantially, with expenditures of $234 million budgeted for equipment alone.

But, for every SP there is a road that is strapped, backed to the wall and unable to hold up its end in supplying equipment to the free-running fleet. Nobody really needs to be reminded of Penn Central's precarious financial position. But PC is not alone. As AAR President Stephen Ailes noted in recent Capitol Hill testimony, four Class I roads are in bankruptcy, "13 others lost money during the first half of this year and a number of others are in very marginal condition. For the 12 months ended last June 30, the rail industry as a whole earned less than 2.4% on its investment. Furthermore, the industry's financial problems are of long-standing duration. Not since 1955 has the industry earned as much as 4% on investment in any calendar year. Its return on net worth was 1.3% in 1970, compared with an average of 10.4% for public utilities and a 9% average for all leading corporations."

During the past seven years, Ailes pointed out, railroads have invested more in capital improvements than they have realized in net earnings and depreciation—"Yet the resulting investment rate has been less than half what is required to meet tomorrow's needs, and even this level only has been achieved by overdependence on borrowing."

Announcement of the industry's nine-months' performance last week underscored Ailes' earlier comments. Despite the fact that ordinary income of Class I railroads rose to $282 million in this year's first three quarters, up from $118 million a year ago, the rate of return was only 2.53%; 16 roads operated in the red.

● **Subsidy? No.** In throwing strong support to creation of an RFC-like agency to make or guarantee loans, AAR's president also noted that the purpose is not to subsidize railroads or other carriers but rather "to make it possible for them to obtain the necessary financing to continue operations and to improve service. . . . This provision would provide immediate and substantial help to those carriers most needing it." Further, he said, if RFC experience is any guide, the government would not suffer financially: "Railroads received over $1.1 billion in loans and guarantees administered by the RFS. Not only did the government get back the principal, but it also earned an ultimate profit of about $100 million on these transactions, even after covering all its expenses."

DOT's aid proposal differs from the Surface Transportation Act plan—but the underlying purpose is similar. When the Administration program finally was submitted, Transportation Secretary John A. Volpe called attention to "a present and urgent need to focus specifically on the problems of the nation's railroads because of their precarious financial position." Demand for service will increase, the Secretary said, but there is doubt that the industry can meet the challenge without near-term government help: "Because of the poor cash position and rather heavy long-term debt situation of the railroad industry," Volpe concluded, "the financial community looks at the railroad industry with a great deal of caution."

● **Building support.** Starting in 1970 with the ASTRO program and working through '71 with motor and water carrier help on the Surface Transportation Act, railroads have been able to muster significant public support for legislation to provide transportation a better deal. In one key area, however, backing is lacking. Organized labor has not yet pitched in with anything resembling effective help, and on some issues labor in a broad sense seems unready to recognize the ways in which its future is tied to management's.

It was this feeling that Commerce Secretary Maurice H. Stans was touching on when he observed that there are "partisans in organized labor who see everything about business in an adversary way. They seem honestly to believe that what is good for business cannot be good for labor, and vice versa, not recognizing that we are all in this economy together, and that what benefits one inevitably benefits both."

Some in labor, Stans noted, "have attacked the proposed investment tax credit as a 'bonanza for business.' Nothing could be further from the fact. The tax credit is a proposal to stimulate the purchase of American-made equipment and machinery. It will benefit labor at both ends of the line—on the one end making more jobs for the men who build equipment and machinery, and at the other making more jobs in plants which buy them in order to become more competitive in domestic markets and around the world."

● **Why spend?** How, precisely, do railroad capital-improvement programs fit into the picture? Santa Fe President John S. Reed was talking primarily to Santa Fe's own people—but his simple explanation of what capital spending is all about could serve for the industry:

"In the long run, the success of a company depends on the judgment used in making its capital expenditures. The proper investment in useful and productive assets is the life-blood of any business. A company can survive only if its expenditures are made for items that will return a profit. If the company fails to produce earnings from these expenditures, it will gradually run short of the necessary funds for continued operation—to say nothing of its inability to acquire new equipment. Furthermore, an unsatisfactory profit picture will result in a loss of confidence on the part of investors in investing their money in that company, either through purchase of stock or by the lending of money.

"Certainly our capital expenditures are vital to the stockholders, the employees and the patrons of Santa Fe, since we could not continue in business without acquiring new equipment and facilities that will permit us to provide competitive service in the future. If circumstances prevent Santa Fe from providing the type of self-renewal represented in our capital budgets, the time would soon come when we would no longer be able to serve our customers adequately. Without the revenue which comes from the quality of service that customers are willing to buy, there would be no money for reinvestment, for dividends or for payrolls."

In a nutshell, that is it—the reason why railroads have scraped for every available dollar to pour more than $13.6 billion into capital improvements in the past 10 years; and the reason why railroads (and other suppliers of equipment) will be pushing at the $2 billion mark in 1972. ■

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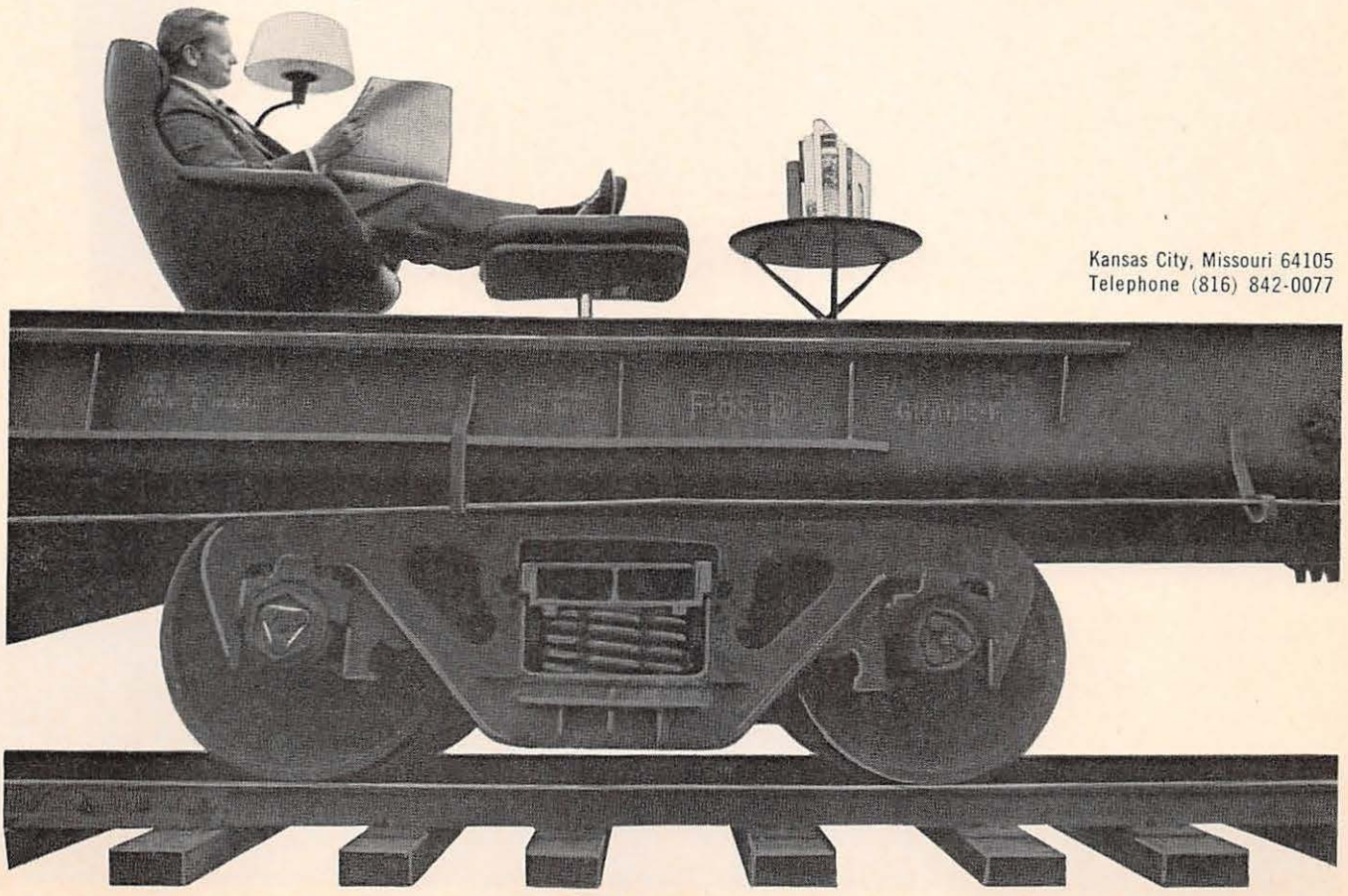

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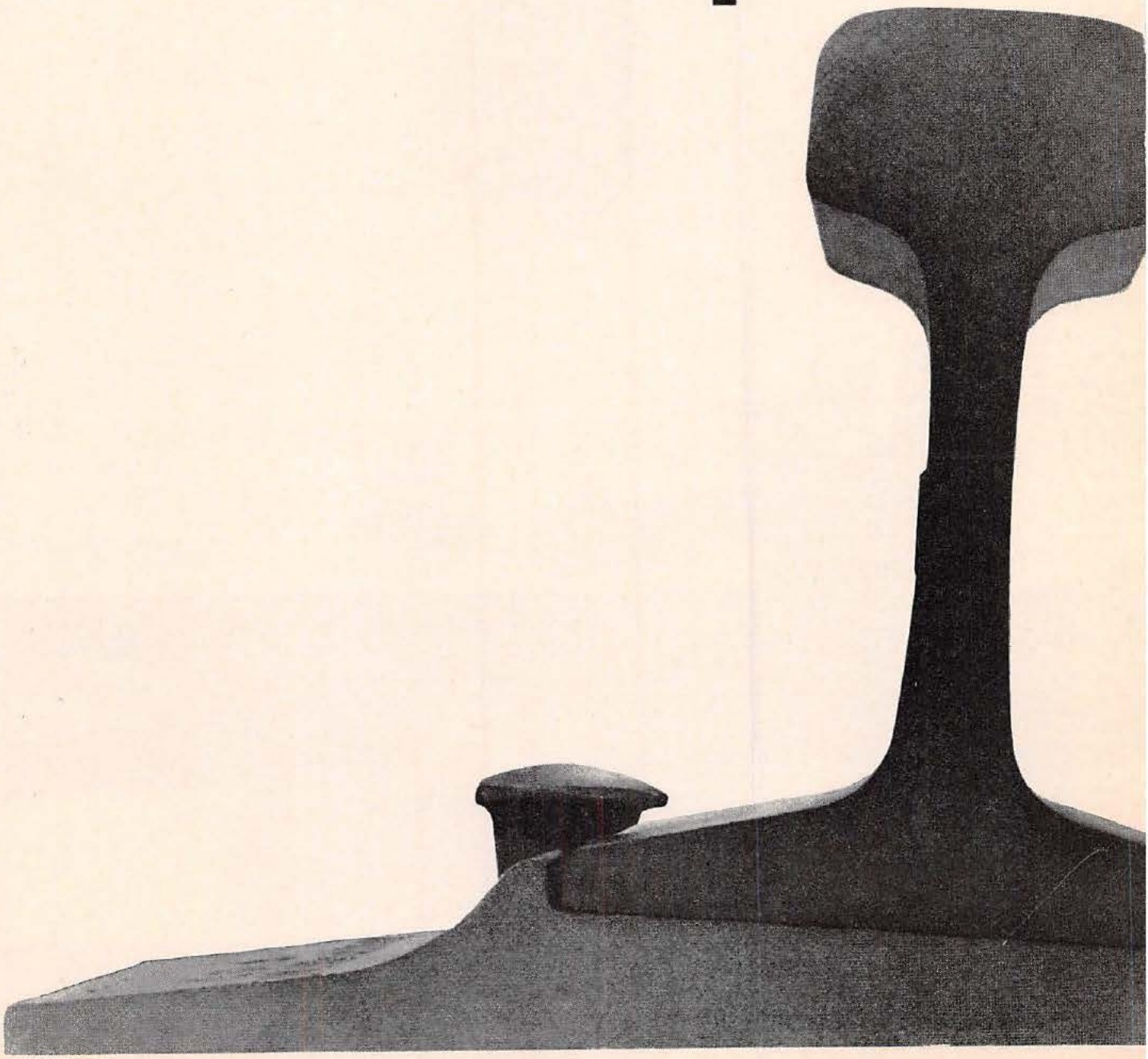

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to the heavy stresses

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Hi-Cant tie plates cause wheel loads to be distributed uniformly across the running surface of the rail rather than to be concentrated at the gauge corner.

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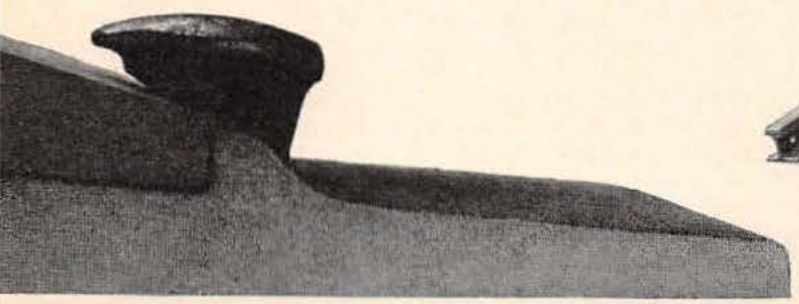

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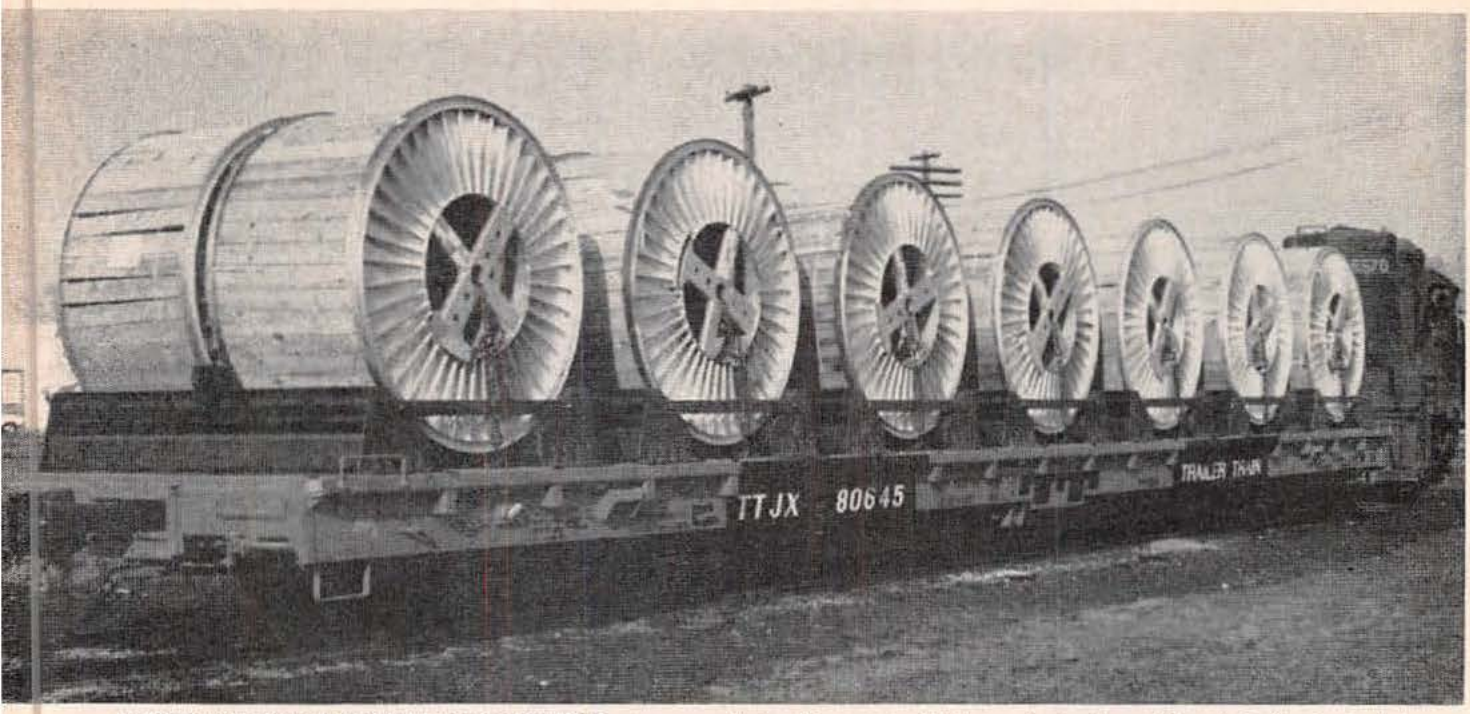

LADING DAMAGE IS VIRTUALLY ELIMINATED on new cable-hauling cars, which are basically cushioned Trailer train flat cars.

Cable cars reel in new traffic for C&O/B&O

Shippers' loading-unloading costs are cut by 83%.

By FRED HOUSER, Mechanical Editor

If you can move a product used by electric utilities, the communications industry and cable television operators, you would seem to have a real traffic growth situation. But three years ago it became apparent on Chesapeake & Ohio/Baltimore & Ohio that their traffic volume in power and communications cable was moving the other way—downward. Trucks were taking a growing proportion of this business. Recently, the downward trend has been arrested as C&O/B&O introduced special flat cars tailored exactly to handling large cable reels.

All that took time and cooperation between a number of groups. The car which is the product of this team effort is soon to be protected by a patent—a step taken by the railroads to protect the investment in the development program and to prevent introduction of unsatisfactory imitations (RA, April 12, p. 53).

● **Simplified loading.** Because of the massive size of cable reels, the complicated loading and unloading methods previously required for rail cars have constituted a big cost factor for cable manufacturers and consignees. The new car, which eliminated need for costly loading and bracing, is said to have cut the customers' loading and unloading costs by 83%. Damage has been virtually eliminated.

"Thirty-five Cable Reel Cars have been placed in service," reports **P. J.** Hart, director of product development for C&O/B&O. "Three of these are demonstrators that are available to shippers for test moves to probe and develop additional traffic opportunities. As such opportunities are developed, more cars will be added to our fleet."

● **Marketing strategy.** While the nation's northeastern quadrant is the primary producing area for cable, consumption has been moving to the South and West with the nation's population. This means increasingly longer hauls for an inherently heavy, bulky product—a virtual "natural" for rail freight. Why then, asked C&O/B&O planners a few years ago, is more and more of the cable moving over highways? Rail rates were lower already and that, obviously, was not enough. What was kicked off in 1968 was, according to Murray Campbell, C&O/B&O market manager for the metals industry, "a total marketing approach to a new product line." He explains that cable handling, then and now, must be rated as good business, but in 1968 "we simply were not competitive." In 1971 that has changed.

The potential with present ownership is something under $1 million in freight revenues annually. But, says Campbell, results cannot be appraised solely on what the car produces. There is a potential for industrial development. The effectiveness of this car for economical long hauls, combined with a storage-in-transit rate, could foster establishment of regional cable distribution centers closely allied with rail freight service. And the technology developed for cable handling can spark interest in moving other products of similar configuration —conveyor belts and wire rope, to name a couple. So far, however, the cars have been busy moving cable in conventional patterns.

A significant factor in justifying the substantial investment required for a new-type car was an increase in payload. To meet exactly the various loading requirements there are two versions of the Cable Car—one 60 feet long and the other 68 feet long. The Cable Car will accommodate a minimum of six of the very heaviest reels the cable industry expects to be producing. This is up to two times what a conventional 52-ft flat car can accommodate, and three to six times what a tractor/trailer usually handles on the highway.

Actually, cable reels have been moving in four ways:

—On gondolas which cannot be load-

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Jim is sniffing fresher air these mornings. And a railroad has a lot to do with it. Burlington Northern is highballing trainload after trainload of low-sulphur, clean-burning coal all the way from mines in Montana and Wyoming to Midwest power plants.

Several years ago, Burlington Northern's predecessors set out to find additional markets for western coal. Their energy experts, now on the same team at Burlington Northern, were convinced they had a good thing. Biggest obstacle was getting the coal to distant power plants at a competitive price.

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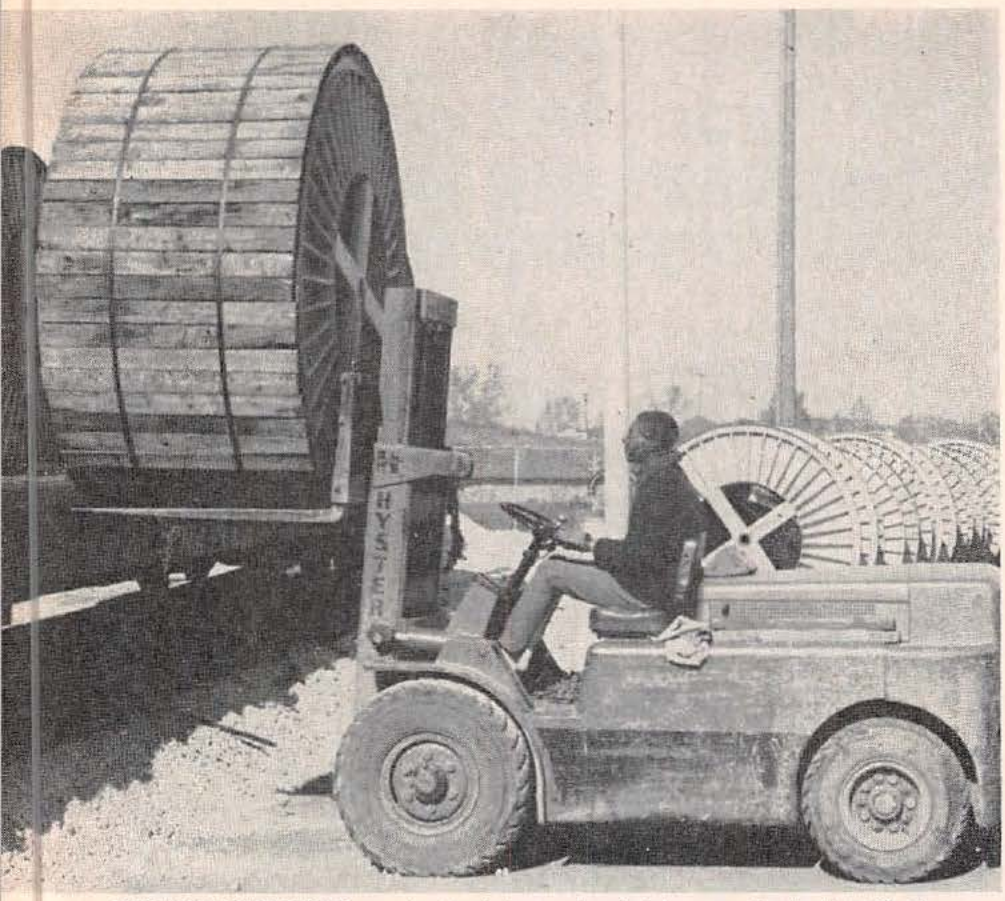


THE NEW CABLE CAR can be loaded or unloaded by any standard method.

ed or unloaded by lift trucks, a particular disadvantage for unloading at open sidings near installation sites;

—On flat cars which require extensive blocking costing up to $225 per load;

—On box cars which cannot be loaded and unloaded by crane and make it difficult to maneuver through doorways with large reels;

—On trucks which can go directly to installation sites.

● **Versatile arrangement.** The new Cable Car can unload or load by any standard method—fork lift, crane, winch or roll-off. The integral securement devices eliminate blocking. The entire deck is accessible for maneuvering reels on and off. Finally, loading and unloading are simple, flexible and cheap enough so that shippers can save money by moving cable most of the way by rail and then transferring to truck at a nearby siding for a short haul to the installation site.

What did it take to produce a car with this capability and versatility? "Team effort" is the answer stressed whenever the Cable Car is discussed on C&O/B&O. A primary consideration in any new type of car would be the ability to handle safely what almost inevitably would be an open-top load. Cable reels are steadily increasing in size with the next stage probably being 9-foot diameters and individual weights of 16 tons.

Three years ago the project was initiated. The first stage was a definition of the functional needs of the market—the size and weight of reels; their vulnerability to damage; the loading, shipping and unloading requirements. Could there be a car that would hold, and hopefully increase, cable traffic?

Then came the commercial specification followed by an analysis to answer the question: Would this market support a car of the cost which now could be roughly estimated? After all this came the mechanical department's detailed specification.

The members of the C&O/B&O "team" which did this work and the subsequent testing and selling consisted of:

—Product Development Bureau which spearheaded the project;

—Market Planning which developed the marketing strategy;

—Mechanical Department which produced the final design and assured that AAR loading rules are satisfied;

—Sales Department which contacted potential users;

—Transportation Department which directed and controlled the test shipments.

● **The solution evolves.** By the summer of 1969, a year after the project's start, the prototype car was turned out by a B&O shop and put into test service to learn what should be improved and where investment might be reduced. For a year about one test load per month was moved as the design was refined and results appraised.

It was late in 1970 that the first 11 "production" cars were available for regular service and demonstrations. They were followed in April 1971 by 25 more cars. According to Pete Hart, head of the Product Development Bureau, the three years from inception of the project to establishing the Cable Car as part of the "product line" involved the concept itself, justification and construction of a prototype, and impact tests to assure a technically successful product. It further covered a series of demonstrator moves with the prototype to evaluate first hand the appeal of this car to potential users.

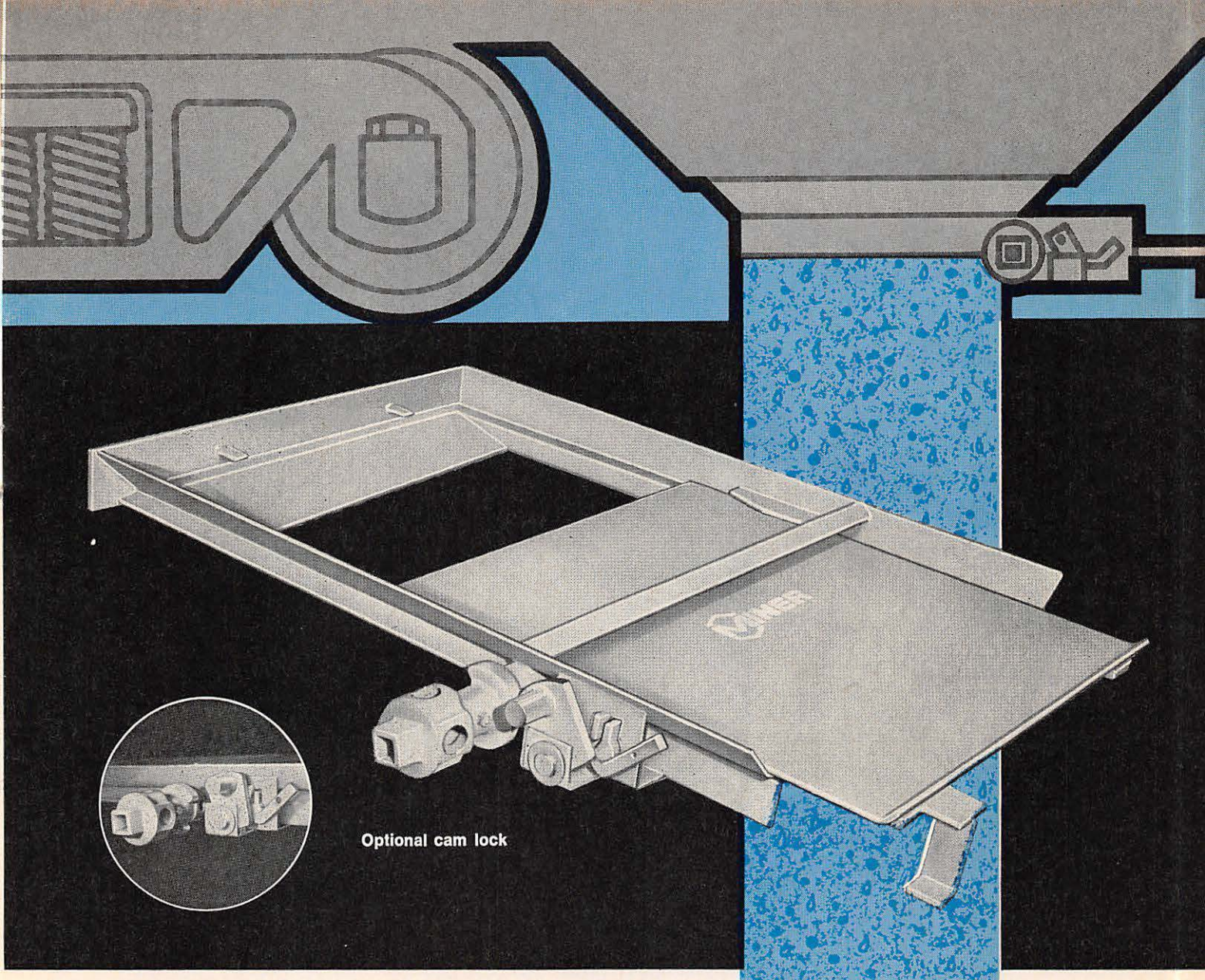
The Cable Car is basically a cushioned Trailer Train flat car with four special deck channels running the full length. Sliding chain sets and sliding chocks fit these channels. Actually there are 70-ton, 60-foot and 100-ton, 68-foot configurations to fit exactly the traffic patterns finally established.

It is for the movable chocks which were developed specifically for cable reel traffic that C&O/B&O is seeking a patent. It is the proper combination of chains and chocks which can handle all sizes and most types of reels known to be moving today.

Each reel, or pair of reels when narrow enough to fit side-by-side, is held on the car by one of the sliding high-strength chain sets. The chocks combine with the chains to prevent longitudinal movement. Generally speaking, reels up to 8 feet in diameter and 9 tons per station can be secured by chains plus one chock at each end of the car, provided the reels have two, or more, crossmembers per side. Heavier loads require a chock on each side of each reel.

● **Standard and heavy-duty.** Cars with one chock at each end are termed Standard. Cars with a pair of chocks per position are called Heavy-Duty. Either car can be a 70- or 100-ton model.

Market Manager Campbell has been working with on-line and off-line shippers on utilization of the new car. He reports that there is general satisfaction with the new design. With a car like this, he observes, there is "much more cooperation between shippers and railroads." Customers, he adds, "are much more patient when they learn of our efforts to improve ways of handling their traffic." ■



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Versatility built into new Thrall coil cars

National Steel Corp's recent $2-million purchase of a fleet of 100 multi-purpose steel-hauling gondolas will go a long way toward stabilizing the large steelmaker's car supply, even during the high-seasonal-demand periods. But that is not all it will do. Because of the flexibility designed into the cars, National and its three midwestern steel divisions—Midwest, Great Lakes and Granite City—can expect to gain important transportation and handling cost-cutting benefits, too.

"We are expecting to see these cars knock a lot of our handling costs right in the head," says H. M. Love, president of Midwest Steel. The car order is now in its final stages of delivery from Thrall Car Manufacturing Co.

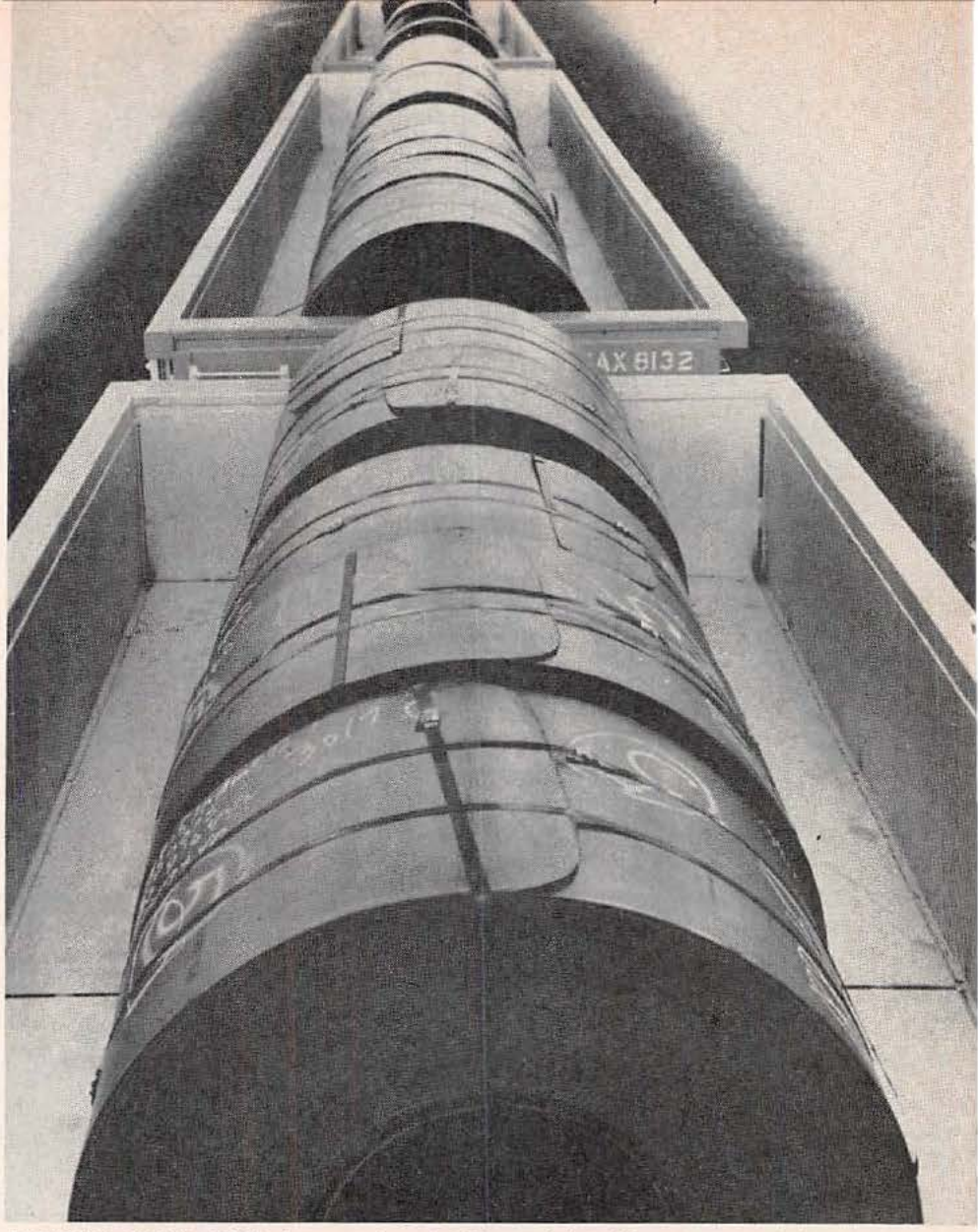
The versatile car design is a joint development of Thrall, National's traffic people and Delray Connecting Railroad, which is owned by National. It is first and foremost, a raw steel coil hauler, with a special trough built into its deck to handle coils up to 84 inches in diameter. Fitted with 125-ton trucks, the extra-sturdy body can handle 120-ton loads in mainline operation and 200 tons in in-plant service.

● **A scrap car, too.** The pale green gondolas, which are painted inside and out with a special heat-resistant coating, are also designed to haul baled scrap. As many as 85 bales, weighing one-to-one-and-a-half tons each, can be loaded by electro-magnetic cranes in each car with ease.

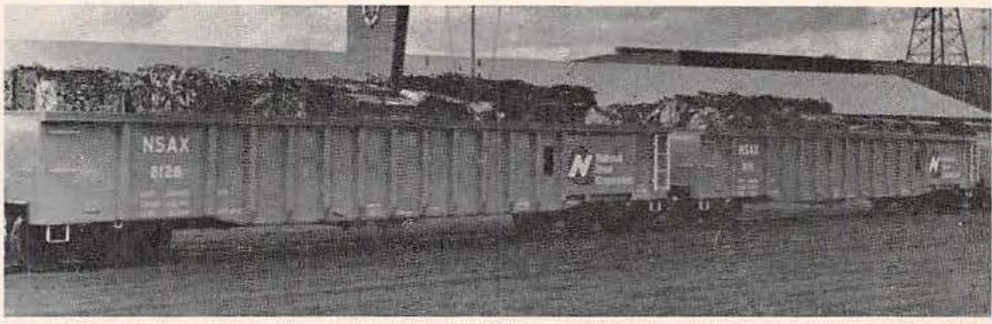
Midwest, which is in Portage, Ind., at the southern tip of Lake Michigan, will be the destination for the 100 cars when raw coils are being shipped. It will, in turn, be the originating point when baled scrap is aboard. The inbound coils will originate either at the Great Lakes hot mill in Detroit or at Granite City (Ill.) Steel, which National acquired earlier this year. National is now the nation's third largest steelmaker.

The Midwest mill, built about 11 years ago to serve the Chicago area, does not have a hot mill of its own. Raw steel is shipped in (almost exclusively by rail), pickled, rolled, annealed, tempered, perhaps coated or galvanized, and then shipped out to auto body plants, steel container plants and other manufacturers, mostly in the Chicago area. Midwest will ship out about 4,500 trailer-loads in a good month. But, rail is used, too—for outbound finished material. As many as 500 carloads may move outbound in a month—in box cars, "can" cars, some open gondolas, but not in the special, multi-purpose cars that have just been purchased. Outbound rail shipments are usually destined for beyond the Chicago area, frequently for the West Coast.

National is confident that the new car fleet will play an important role in meeting the challenges of competition in the domestic and world marketplaces. Commenting on the potentials of the cars, National's president, George A. Stinson, said, "We believe we have a new way to move steel. Since we have made the investment in these cars, we



NATIONAL STEEL CORP. has purchased 100 special multi-purpose gondolas, at a cost of almost $2 million, which are suited for coil steel as well as baled scrap loading. The extra-sturdy Thrall-built gondolas have a built-in trough to handle coils up to 84 inches in diameter. They can carry 120 tons in mainline service.



have obtained rates which reflect this cost saving.

"But we see benefits well beyond that. They loom all the more attractive as a result of Midwest Steel's having raised its shipping capability by 60% last year. Hence, the operating savings—over and above the reduced cost of supplying it with raw material from two sister plants —will apply to a significantly larger volume."

● **See seven trips a month.** Penn Central will be the exclusive carrier so far as the new cars are concerned. National is expecting to make at least five round-trips with the cars each month. The traffic people feel confident that as many as seven turn-arounds a month can be achieved. If so, the new cars with their new rates could almost pay for themselves in about three years, says one Midwest traffic specialist.

Aside from owning the cars, National, through the Delray Railroad, will maintain them. "We anticipate less car maintenance and a higher coil quality," says R. E. Thompson, National's vice president-purchasing and traffic: "The cars have a built-in coil trough to support coils without need for blocking. Because we can load more coils in each gondola, we will cut car-spotting time significantly, eliminate demurrage charges, reduce paperwork and shorten delivery time."

To assure its rolling mills of a plentiful supply of material at all times, Midwest will have as many as 30,000 raw steel coils on hand on an outdoor storage pad. As the loaded coil cars arrive, they are unloaded by mobile crane. Trains with up to 100 cars have come in at once. Generally, 50 cars a day can be unloaded in the storage-pad area.

● **Rugged construction.** Because of the types of loads they will be carrying and the mileage they will be mounting in a hurry, Thrall made the cars extra-sturdy. They have a fish-belly center sill, oversize crossbearers and special reinforced ends. The car body is made of high-tensile, low-alloy steel. The steel decking and coil trough are only tack-welded to the underframe. They could be easily removed and replaced with a standard flat deck if National wanted to convert them to regular gondolas. National officers do not think such conversion will take place for some time, if ever. Right now, benefits to be gained from them in their present form are too numerous to consider changes. Or, as Stinson put it. "We can consider this fleet a promising new tool that will increase our ability to load our plants efficiently and operate them at the most economical levels." He added, however, that "further significant developments" could be anticipated in the area of transportation cost controls. ■

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CN tells Grand Trunk: "Think U.S."

It is not often you find a man trying to work himself out of a job. But that, in effect, is what Dr. Robert A. Bandeen is trying to do. He is president of the new Grand Trunk Corporation. And his job might best be described as bringing Canadian National's rail properties in the United States to the point where GTC will be running CN's three stateside railroads with a largely independent U.S. management team.

Geographically and financially, this is no small task. Under the GTC umbrella are Grand Trunk Western, Central of Vermont and Duluth, Winnipeg & Pacific. CV and DW&P will be profitable this year. But GTW, despite the potential some see in it, has been succeeding only in losing more and more money. It was the GTW situation which really pulled the trigger on CN's decision to restructure.

● **GTW starts to slip.** GTW is the biggest part of GTC—and the biggest managerial challenge. Over the years, Bob Bandeen will say, Canadian National looked on Grand Trunk primarily as (1) a branchline, feeding traffic to the parent, and (2) an excellent training ground for future CN officers. Up to a point, this concept worked well: GTW was no great money-maker, but it was not losing a lot either—and it was serving well as a school for officers who stayed a few years and then moved back to Canada to go on to bigger things.

During the 1960s, however, things began to change. By 1969, GTW was showing a net railway operating loss of more than $17 million. Last year, with the General Motors strike complicating matters, Grand Trunk wound up with a $27-million deficit on the NROI line on revenues of about $70 million.

CN considered first the possibility of finding a merger partner or a buyer, and some interest was evidenced by a number of U.S. roads. But merger or sale never got beyond the talk stage. Bandeen, not one to put a happy face on a sad situation, reflects—maybe not entirely facetiously—that "at one point, I think we were about ready to give it away."

● **Independence day.** CN's thinking then turned to a whole new way of operating its U.S. lines—by turning them loose to operate on their own.

At first glance, this seems like harsh treatment—like turning a sick stepchild out into the cold on Christmas Eve. But Bandeen thinks it was precisely the treatment that was needed: "Historically, Grand Trunk hadn't been operated as a corporation. The subsidiaries were being run, frankly, pretty much as an after-thought. National system standards were being applied to their operation, and it just wasn't working."

The alternative was to run GTW and the other roads as short-lines—in effect, as profit centers which would be structured to stand on their own.

"We became convinced," Bandeen says, "that with a little luck we could be operating in the black—and that this could be made to happen over a fairly short period of time."

"It's a noble experiment —and I think it's going to work," says GTC President Robert Bandeen.

● **Getting organized.** Thus far, GTC's independence program is moving on schedule. GTC (a Delaware corporation) was set up with a 10-man board of directors, seven U.S. and three Canadian. Bandeen—who is also vice president of CN's Great Lakes Region—is on a regular commuting schedule between his CN office in Toronto and GTC headquarters in Detroit. And the on-the-scene management triumvirate is hard at work—John A. Burdakin, formerly of Penn Central, vice president-operations; Donald G. Wooden, formerly of Chesapeake & Ohio/Baltimore & Ohio, vice president-corporate planning and finance; and Walter H. Cramer, Jr., formerly of Frisco, vice president-marketing.

The Canadian influence in key positions is being phased out, though Bandeen points out that there is no bar to Canadians staying on with GTC—so long as they regard GTC in career terms and not merely as a way-station on the upward trail in CN management. And GTC's president himself is looking forward to the day when GTC will really stand on its own—and he can observe the taking over of the U.S. properties by a U.S. chief executive.

Over the next few months and years, GTC will be taking a number of steps designed to improve its position. Plans call for creation of a land-development corporation and of a leasing company which would own the equipment which CN now owns for its subsidiaries.

● **Broad ownership?** At some point, GTC ownership may be diluted with the company going public. Farther off in the future, Bandeen can see the possibility of GTC becoming a wholly-U.S. enterprise. With the losses Grand Trunk has been suffering, there are attractive tax-shelter circumstances involved. But there is no way to get such tax benefits until, as Bandeen puts it, "we're able to stop the hemorrhage." Obviously, in the near-term, GTC will need CN backing. At the same time, there is a feeling of confidence in GTC management that the enterprise can indeed be turned around, in perhaps three or four years.

What does CN get out of all this activity? At the very least, CN is getting a new kind of action out of its investment—action which, Bandeen hopes, can results in development of a reasonable price for the properties if a decision to sell is made. And there is the real prospect that in the meantime the deficit drain can be cut to a trickle.

The Ontario-born Bandeen, now 41, holds a Ph.D. in economics from Duke —but he's no ivory tower economist. At this point, he is running CN's largest region (in terms of revenues) and lighting fires wherever they need to be lit, to get GTC thinking U.S. And he has confidence in the team GTC has assembled: "Perhaps it was a unique situation—being able to take a company and select precisely the people you want for the top jobs." How is reaction shaping up in Canada? Says Bandeen: "I think you could say that there are certain mixed feelings within CN about what we're doing. But it's a noble experiment —and I think it's going to work." ■

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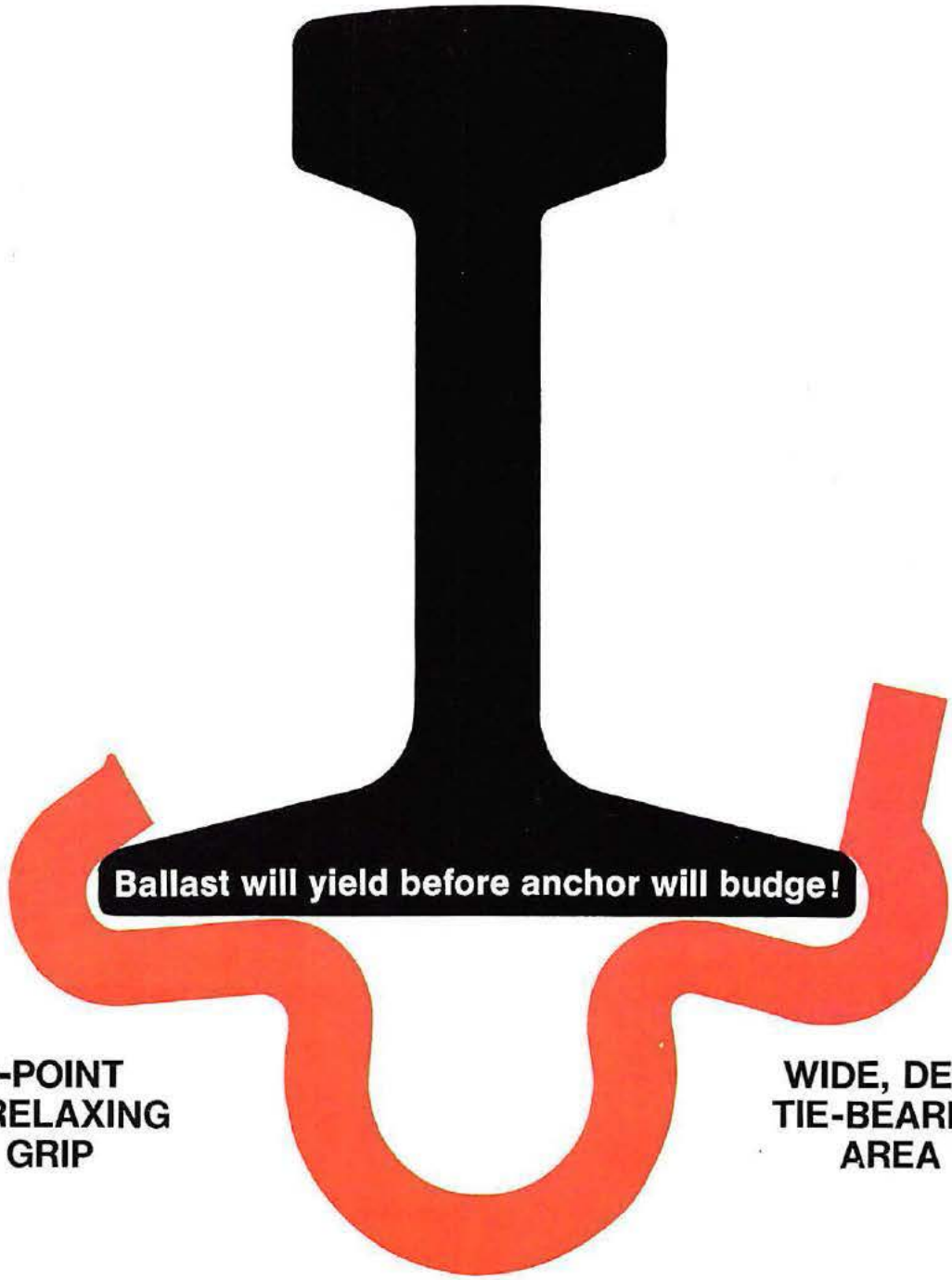

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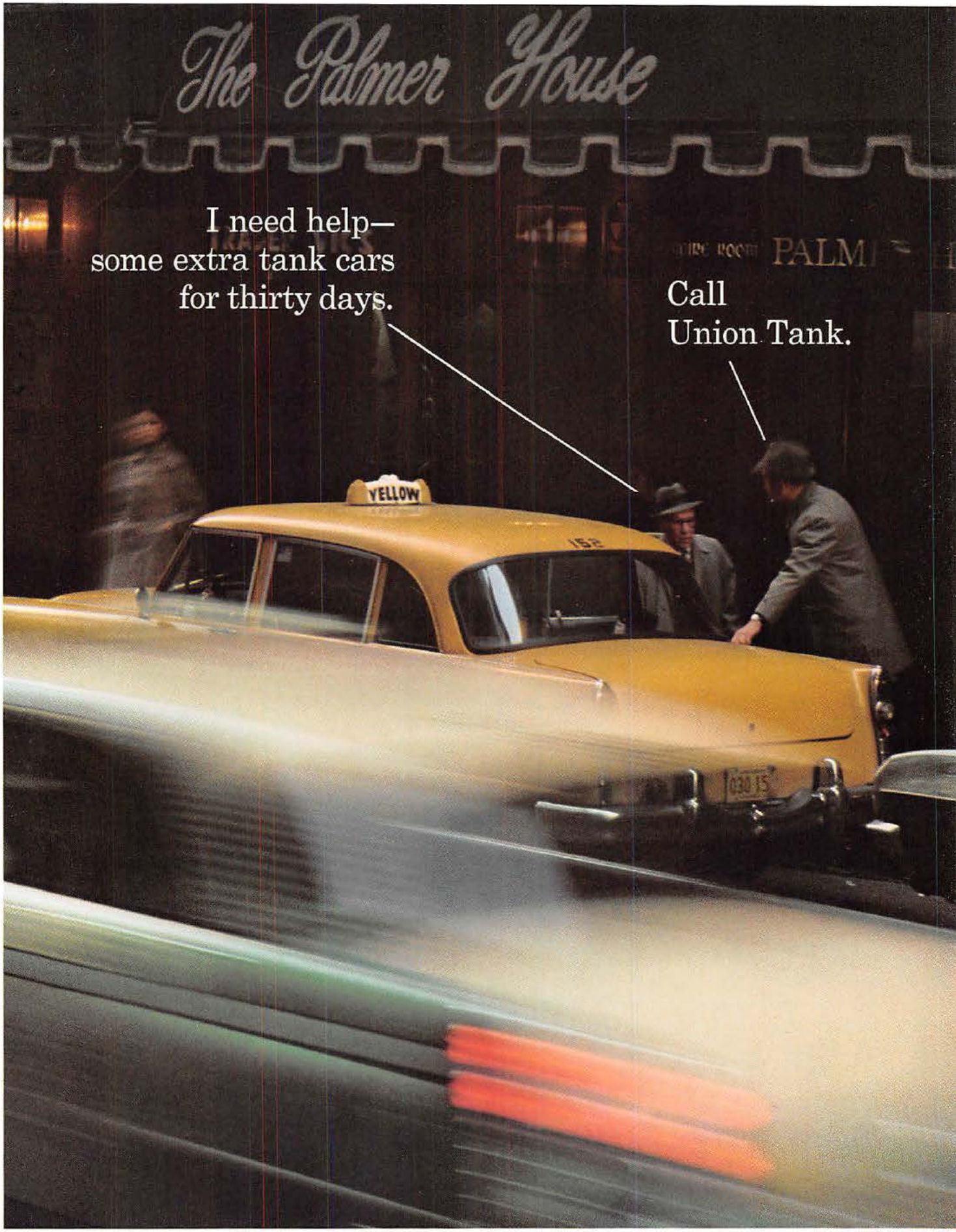
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Transport integration: A new plan

Arthur D. Lewis, former president of Eastern Airlines and one of the incorporators of Amtrak, has proposed the creation of a "quasi-public private corporation" to oversee "the integrated development and operation of all intercity rights of way for all modes of domestic transportation."

His plan would have the effect of redistributing the capital now available to the transportation modes. Right now, he points out, "The automobile absorbs 89% of all passenger transportation expenditures and hampers the achievement of balanced transportation services based on the best contribution that each can provide."

What Lewis has in mind is an Amtrak/Comsat-like corporation "funded by both private and public sources of capital, with a profit goal, but with a clearly defined public responsibility for the development of a basic resource for the country."

He would call the corporation INTRO (for Integrated National Transportation Resources Organization). It would:

—"Assume responsibility for developing capital expenditure programs and for building and maintaining all intercity railroad rights of way; for interregional highway systems financed by the Federal government; for development of inland waterways and for the nation's airways and airports now operated by the Federal Aviation Administration. It would own, lease, or have access to and control of all rail rights of way and terminals, and have responsibility for building and maintaining trackage, signaling and related equipment. Interregional highway construction could continue as today, as a collaboration between INTRO and the state agencies, as would the development and operation of inland waterways.

—"Have the power to establish, collect and pool, all user charges. It would be a vehicle for management of earmarked Federal funds such as the automobile gasoline and aviation fuel taxes.

—"Have the authority to raise money from private sources and the government could assist by agreeing to guarantee loans.

—"Have the power to intervene in proceedings before regulatory bodies to point out the cost implications of regulatory decisions under consideration. It could aggressively seek to discontinue rights of way and services that are uneconomic.

—"Under Department of Transportatin guidelines, fund programs of transportation research and development."

The former airline executive's bold proposal is contained in an article published in the "Point of View" section of The New York Times.

Anticipating that his concept will be attacked as a form of nationalization, he insists this would not be the case: "INTRO would conform to the present trend, in which government provides a general concept of direction and a general funding capability while private enterprise takes the responsibility for satisfying standards of service and developing earnings to stimulate investment."

As for acquisition of railroad rights of way, Lewis suggests that "this complicated matter could be simplified if INTRO did not acquire ownership of the land on which tracks exist but merely the right to determine the surface use of that land for transportation. The rights to operate trackage and a signal system could be leased from the railroads with the carriers retaining all other ownership rights, such as air and mineral rights. The surface rights themselves could revert to the railroads with a discontinuance of transportation service."

Arthur Lewis proposes Amtrak-like agency to fund all rights-of-way.

He concedes that some will see INTRO as a device merely to divert funds from the Highway Trust Fund to other modes of transportation: "However, to others, the requirement to integrate future transportation needs would warrant the threat.

"The trust provides an endless source of funds for the expensive construction of highways regardless of future requirements. Why, by taking an automobile trip today, should we provide funds for highway construction tomorrow regardless of whether society would want that construction tomorrow?"

Lewis was one of 10 persons named by President Nixon last Dec. 18 as incorporators of the new National Railroad Passenger Corp. He is now chairman, president and chief executive officer of F. S. Smithers & Co., members of the New York Stock Exchange.

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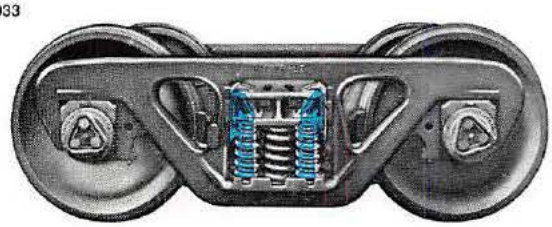

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PAINT SHOP at Amcar plant is final stop for new cars and last stage of tour for classes attending Shippers' Car Line school.

Tank-car school stresses safety

The construction and mechanical features of tank cars have come in for much attention in the past couple of years following some serious derailments. It was more than five years ago, however, that the Shippers' Car Line Division of ACF Industries decided that information on the construction, configuration and regulation of tank cars would be valuable to its customers for the most routine of their day-to-day operations.

So it was that men from companies that lease or buy Shippers' cars started coming to a two-day course which is centered around a pair of ACF facilities at Milton, Pa. When at their employers' own facilities, these "students" are responsible for the loading, unloading, movement and maintenance of tank cars. Four classes are held annually. By the end of the 1971 sessions, 344 men from 114 different organizations and 31 states had attended. Informally, Shippers' Car Line has dubbed its school the MTC—"Master of Tank Car"—program.

Division customers have been universal in their enthusiasm for the course. Following a series of lectures and discussions, each class is taken on tours of ACF's Amcar Division tank-car manufacturing plant at Milton and then Shippers' nearby tank-car repair facility.

● **In the beginning.** "Professor" George Fitzgerald, who conducts the course, is Shippers' senior technical representative—tank cars. He starts the first day lecturing on the creation and evolution of the tank car, then covers nomenclature, fittings, regulations governing tank-car use and movement, stencilling, specifications, maintenance and manufacturing. The course actually started as a training seminar for ACF's own people. Its new direction was the result of customers' requesting similar training when they heard about it.

"Simply," says Fitzgerald, "a tank car is a pressure vessel with trucks." And to most effectively utilize available cube within permissible rail clearances, all tank-car builders end up producing vehicles of the same basic configuration. Despite attempts at other shapes, the basic cylinder remains the most effective and most economical rail container.

For the builder, Fitzgerald continues, "safety begins at the drawing board." For the shipper, it begins "at the loading rack." And while the freight car is a system "designed for an infinite number of collisions daily," he says, "it is not economically possible to design against every catastrophe."

● **Three challenges.** The challenges for lessor, shipper, carrier and consignee then is to see that fluid cargoes are:

—Loaded safely;

—Moved safely;

TANK CAR configurations are explained by ACF's Fitzgerald to classes of 15; matching of cars to new railroad rate structures is also discussed.

—Unloaded safely and conveniently.

Tank-car design goes hand-in-hand with tank-car function—the safe and efficient transport of liquids, gases and semi-solids. The most important consideration in any tank-car design must be what is to be inside—the lading itself. Tank cars, consequently, must be carefully tailored to both the ladings and the related distribution system. And the overriding importance of lading continues right to the end of a car's term of service. Then, warns Fitzgerald, Shippers' will not begin any shopping procedure until it is informed what the tank last contained so proper cleaning procedures may be followed. ■

Rail-shipper panel sees rosy future

A blue-ribbon panel of shipper and railroad executives polished up the old crystal ball at the first annual meeting of the Central Territory Shippers Advisory Board in Louisville recently. The general forecast for the next two decades and beyond indicates some golden opportunities unfolding for those who provide as well as need rail freight transportation.

The panel discussion, moderated by R. M. Stevens, manager-transportation planning, Ford Motor Co., was conducted by H. E. Chapman, vice president-transportation and distribution, S. S. Kresge Co.; W. S. Franklin, director of traffic, Brown-Forman Distillers Corp.; J. M. Ward, Jr., district traffic manager, Interlake Steel Corp.; R. S. Hamilton, executive vice president, marketing and planning, Southern Railway; D. E. Werby, administrative sales assistant, Chesapeake & Ohio/Baltimore & Ohio; and D. D. Strench, vice president-operations, Louisville & Nashville.

Shippers have probably seen the last of across-the-board rate increases so common in recent years, Southern's Hamilton advised CTSAB. There will, of course, be rate adjustments during the next 10 years, but they will be of a "selective" nature and not "of the magnitude of the past few years," Hamilton predicted. Shippers will see prices go up in some areas and down in others. Some of the more notable developments by railroads will be:

— Increased sophistication in establishing prices.

— More accurate costing of rail services.

— A greater awareness of the market realities of the transportation business.

With intermodalism serving as the catalyst, containerization should continue to gain in stature in the next decade, said C&O/B&O's Werby. On the foreign trade scene alone, he predicted, shipper and railroad alike will see:

— Increased container loadings.

— More roll on/roll off ships.

— Uniform interchange agreements.

— Through single factor rates.

— Joint water/rail/motor container tariffs.

As evidence of containerization's impact on the national transportation scene, Werby cited the following statistics: In 1970, when national piggyback loadings were showing a decline of 5.4%, C&O/B&O container loadings were increasing 1.7 times over loadings for the previous year. Compared with container loadings in 1966, this volume was over eight times greater. Furthermore, loadings in the first nine months of this year had already exceeded those for all of 1970.

The trend of seaborne and container cargoes is definitely upwards, Werby added. For example, in 1959 only 969.5 million tons were seaborne; in ten years, this figure more than doubled. Altogether, about 4.5 million tons of this seaborne traffic is containerable between Europe, North America and the Far East, he reported.

Containerization, however, is not without its problems on the home front. For one thing, Hamilton pointed out, movement of empty containers continues to plague railroads. COFC traffic is "not a high margin business," he contends, and it will not become overwhelmingly popular with railroads until it does become more profitable for them.

Railroads, nonetheless, are committed to containerization, Werby emphasized. He cited large expenditures for such things as the physical plant, rolling stock, handling equipment and sales promotion on behalf of containerization as evidence of this commitment.

Shippers see a big role for rails—and the carriers are gearing up for it.

L&N's Strench felt that while the railroad physical plant is undergoing vast improvements and will continue to show improvements in the coming decade, the railroad terminal district may still represent a real trouble spot. It is highly unlikely that too many railroads will choose to solve their terminal problems in the next few years by installing all-new and costly electronic yards.

Perhaps because of its importance to the well-being of the general public, the terminal should receive some form of governmental support, Strench suggested. He cited aid to facilities helping to support other modes of transportation as a reason for the public to support terminal improvements.

In other areas, meanwhile, railroads are going all out to finance improvements which will ultimately benefit the shipper, Strench said. Railroads are making heavy purchases of motive power, he added, and reported that locomotive builders have tremendous backlogs of orders—"some extending beyond mid-1973"—and the trend will probably continue this way into the next decade. Track improvements will continue at a brisk pace, too, with the use of continuous welded rail becoming "a way of life with us."

Shippers can look for railroads to make much broader use of computerized system network models in making many operational decisions that will improve rail service, Strench said.

Perhaps some railroads are not fully aware of it, but there is "a tremendous opportunity" developing for them in providing transportation services for large firms in the retailing business, said Kresge's Chapman. An example of the potential of this market, he said, is the growth of his company in the last 10 years—from $450 million in sales in 1961 to what may be as high as $3 billion this year. Major retail firms really should be regarded by the railroads "as volume shippers," Chapman added, and went on to point out that his company's sales by 1980 could reach $8 billion.

To be able to handle its growing business today, Kresge has four major distribution centers and nine district depots. In less than 10 years, Kresge will in all likelihood require five more distribution centers and more depots.

Interlake's Ward also sees the railroads as beset with certain problems, some of them internal, which affect service. With a change "in thinking and attitude," however, the decade could evolve into one that "offers an opportunity for railroads to again become the largest hauler of man's goods on the earth."

Because they have become such a valuable vehicle for certain shippers in recent years, the specially-equipped box car should remain in high demand over the next decade, advised Brown-Forman's Franklin. The trend toward larger cars with more internal protective devices will probably continue over the next decade, he added, citing the effect new material-handling equipment has had upon warehousing and distribution philosophies and, subsequently, upon box car needs. He feels that the uppermost problem facing railroads in the next few years is the terminal. There has to be "a better way to get a freight car across town," he insists. Piggyback seems to have a bright future, Franklin continued, adding that he is "not too sure that shippers have yet taken full advantage of it." ■

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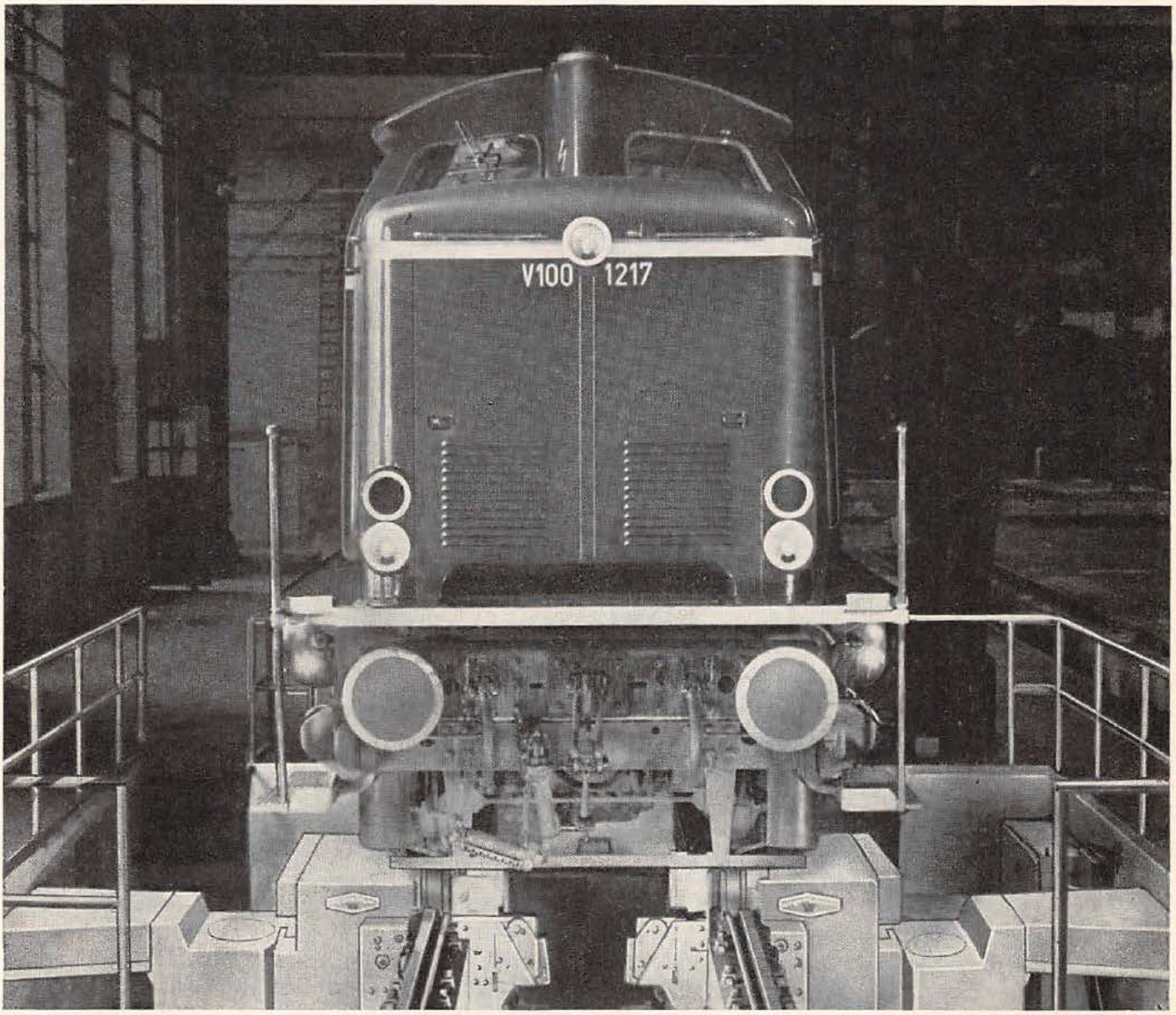

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Circle 24 on coupon page 59

People in the News

AMTRAK.—Herbert F. Longhelt, former engineer maintenance of way, **Rock Island,** Chicago, appointed chief civil engineer Amtrak, at Washington, D.C.

ASSOCIATION OF AMERICAN RAILROADS.—Robert C. Reber appointed secretary, Mechanical Division, Washington, D.C., succeeding **Edward T. Zasadil,** resigned.

BELT RAILWAY OF CHICAGO.—J. R. Ekholm, secretary and treasurer, Chicago, retired Oct. 31.

BURLINGTON NORTHERN. — K. L. Schramm, general sales manager, intermodal division, appointed director of sales and service in the manufactured products and bulk materials commodity profit center of the marketing department's market development division, with headquarters continuing in St. Paul.

D. S. Kukull, master mechanic, Twin Cities division, Minneapolis, transferred to the Pacific division, Seattle, to succeed **C. H. Moreau,** retired. Mr. Kukull's successor is **V. R. Nicola.**

In the market development division of the BN marketing department, **Dennis A. Robertson** named director of pricing, forest products; **Wilson A. Wade,** director of sales and service, forest products; **Richard S. Sandgren,** dire tor of pricing, energy, metallics and chemicals; **Gary M. Schroepfer,** director of cost control, grain and grain products. All will have headquarters in St. Paul. **Gordon E. Thorne,** appointed area director, central region, sales and service division, marketing department, Detroit, to succeed **Walter Westman,** retired.

CANADIAN NATIONAL.—E. N. Bailes, purchasing agent for special projects, Prairie Region, Winnipeg, named manager, purchases and materials. **D. A. Spriggs** continues as regional purchasing agent. **G. E. Smith,** assistant manager of materials, appointed manager of stores.

R. M. Bailey, regional engineer, Prairie Region, Winnipeg, named regional chief engineer, technical services. **J. J. Pomor,** engineer, Saskatchewan Area, appointed engineer in charge of track and roadway for the region.

W. G. Threlfell appointed regional master mechanic, Winnipeg. **J. C. Gariepy,** general foreman, Pt. St. Charles Shops, appointed car maintenance coordinator-system, Montreal. **R. W. Cole,** master mechanic, Rideau Area, appointed regional master mechanic, Great Lakes Region, Toronto. **J. C. Foss,** master mechanic, Montreal Area, appointed regional master mechanic, St. Lawrence Region.

Paul H. Buckland has been appointed manager of pipeline projects, reporting to the CN's Research and Development Department.

A. R. Steele, general manager of sales, Montreal, appointed manager, Saskatchewan Area, succeeding **V. R. Cox,** promoted.

L. H. B. Gooding, manager, Assiniboine Area, named manager of both the Assiniboine and Lakehead Areas, succeeding **R. A. Walker,** promoted to director, accident prevention and safety, Montreal.

R. L. Christie, regional projects co-ordinator, in addition, assumes the duties of regional telecommunications liaison officer.

R. L. MacKinnon, assistant signal engineer, promoted to signal engineer, St. Lawrence Region, Montreal, succeeding **L. V. Lockhart,** promoted.

The Express Intermodal Services Sections, Montreal Area and Champlain Area (including the **Central Vermont)** were merged on Sept. 1 and became part of the Regional Express and Intermodal Services Function under **H. C. Williams,** general superintendent.

CANADIAN PACIFIC.—A. W. Lourie appointed assistant superintendent motive power and rolling stock, Atlantic Region, Montreal, succeeding **H. E. Allan,** transferred to the Eastern Region at Toronto. **J. McGowan** named supervisor, diesel, equipment, Eastern Region, Toronto, succeeding Mr. Lourie.

CP Rail plans to streamline the administration of its Alberta operating divisions early in 1972 by bringing together at Calgary the administrative functions of division offices now located at Edmonton, Medicine Hat, Lethbridge and Calgary. Resident operations officers will remain in those cities.

(Continued on page 58)

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Photo by Fabian Bachrach

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President
WESTERN MARYLAND RAILWAY COMPANY

WM
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RAILWAY AGE AS SEEN THROUGH THE EYES OF RAILROAD PRESIDENTS— NO. 3

THE BELL SYSTEM HAS 13,000,000 MILES OF DIGITAL COMMUNICATIONS CHANNELS, AND IS ADDING TO THEM AT THE RATE OF 8,000 MILES EVERY DAY.

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This flexibility makes virtually all of our network available for data transmission. It keeps charges low. And it gives us alternate routes should trouble arise.

Then why are we going heavily digital? Because with modern electronics, especially solid-state circuitry pio-

neered at Bell Labs, digital transmission is better not only for data but for many other services as well.

Digital transmission is better because it eliminates many kinds of noise, thereby getting more information over the same size cable with greater accuracy.

Digital is clearly technology's best answer to many of America's future communications needs. It will benefit everybody, not just our data customers.

We have 13 million channel miles of digital now, and we have definite plans for the near future.

- For 1972, a new digital system that will operate at 6.3 megabits per second, four times the speed of our present all-digital lines.
- By the mid-'70's, initiation of private line service on an end-to-end, fully digital basis which will ultimately serve every major city in the country.
- By the late '70's, waveguide systems capable of thousands of megabits per second.
- By 1980, the Bell System's network will be four times its present size. A large proportion of it will be digital—enough to provide ample capacity to meet America's data-handling needs.

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This time by increasing digital services to benefit all our customers.

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MEMBER RPI

Circle 26 on coupon page 59

CHICAGO & EASTERN ILLINOIS.—O. B. Sayers named director of labor relations. Mr. Sayers is also director of labor relations for **Missouri Pacific, Texas & Pacific, Alton & Southern** and many other subsidiary companies.

The Chicago executive and sales offices of the C&EI and MP System have moved to 73 West Adams Street, Chicago, Ill. 60603.

CHICAGO & NORTH WESTERN.—Gilbert R. Gibbons, general manager-inventory and equipment, named assistant director of materials-distribution.

HOUSTON BELT & TERMINAL.—Leonard B. Griffin elected to the newly created position of vice president-operations. He was formerly assistant general manager, **Chicago & Eastern Illinois.**

ILLINOIS CENTRAL.—Michael V. Bercik, senior account manager, New York, named area sales manager for the New York area.

LONG ISLAND.—Robert E. Peterson, who has been in charge—Personnel Relations Department, Jamaica, N.Y., named superintendent—personnel management.

MINNESOTA TRANSFER — ST. PAUL UNION DEPOT.—E. J. Prescott, assistant auditor and assistant treasurer, elected secretary—comptroller, St. Paul, succeeding **H. R. Stratmoen. C. L. Lamphere,** manager terminal control, St. Paul, named manager terminal control—agent.

MISSOURI-KANSAS-TEXAS. — Andrew H. Younger, sales manager, St. Louis, named regional sales manager, San Francisco, to replace **Jerry M. Sheridan,** advanced to assistant vice president (RA, Oct. 25 p. 75). Mr. Younger's successor is **Raymond E. Boismenue,** assistant sales manager, St. Louis. **Michael W. Timmons** replaces Mr. Boismenue.

MISSOURI PACIFIC-TEXAS & PACIFIC.—S. M. Carter named director—automotive traffic, Detroit. **Phil J. Drewek** appointed assistant to director—automotive traffic, Detroit.

T. F. Stipulkosky, general agent, Corpus Christi, Tex., appointed general freight agent, Fort Worth, Tex., to succeed **W. E. Wright,** who retired Nov. 1. Mr. Stipulkosky's successor is **A. L. Story,** transferred from Galveston, Tex. **J. J. Looney,** traffic representative, Los Angeles, replaces Mr. Story. **R. N. Staats,** general agent, El Paso, Tex., transferred to Birmingham, Ala., succeeding **A. W. Lange,** who retired Nov. 1. **Olon Owens** transferred from Abilene, Tex., to succeed Mr. Staats. **J. S. Rogers,** general agent, Seattle, retired Nov. 1.

A. L. Mobley named international sales representative, and **E. D. Monk,** traffic representative, both with headquarters at Houston.

The Chicago executive and sales offices of the MP System and **Chicago & Eastern Illinois** have moved to 73 West Adams Street, Chicago, Ill. 60603.

NEW YORK CITY TRANSIT AUTHORITY.—Daniel T. Scannell, executive officer, Construction Administration, appointed to

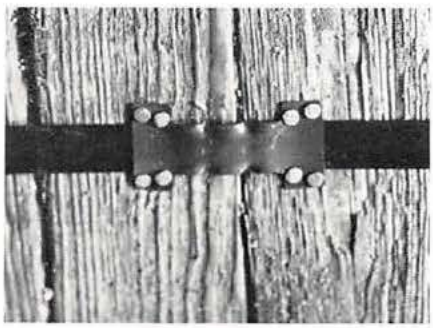
New Products Report

Reefer container (RA-1)

The 20-foot Dana-Whitney refrigerated container for intermodal service is made from high-strength fiberglass-reinforced-plastic and polyurethane foam. The container is designed for improved thermal properties, high strength, corrosion resistance and low weight. The manufacturing process combines foaming-in-place techniques with filament winding. Filament winding produces the container inner skin as a tube which is then reinforced with aluminum beams and "squared" prior to foaming. The external filament is then wound to produce the finished unit. Production of 40-foot units is planned. *Dana-Whitney Corp.*

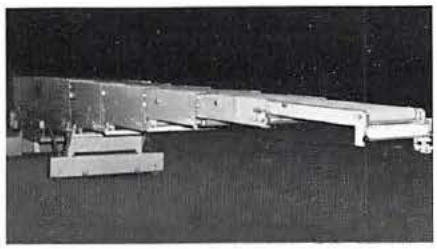
Filling detector (RA-2)

A level and overfill detection system permitting safe, accurate, fast filling of tank cars can function with black and white oils, hot and corrosive liquids, and powders. The In-Scell detector has no delicate moving parts to be damaged. It works pneumatically, with no electrical components to create a fire hazard. On detection of overfill, delivery is shut off within 0.2 seconds. The device can be fitted to a filling arm or in a container, and is suitable for both top and bottom filling operations. When fitted to a filling arm, a steel tube runs down into the tank and is connected to a pneumatic sensor which detects changes in the pressure of compressed air or gas pulses delivered by a pulse generator. When the liquid level in the tank rises to tube level, a strong signal that needs no amplification is received by the sensor, which shuts off delivery. *Closed-Loop Ltd.*



Load cushioner (RA-3)

A flanged steel plate that resembles a strapping seal, is threaded onto the steel straps that encircle boxcar loads. Then, the Cushioner's midsection is crimped so that a firm binding action takes place between the Cushioner and the strap fitted within it. Finally, the Cushioner's "ears" are nailed to the car's floor. A second Load Cushioner is fitted around each strap and nailed to the bulkhead or vertical wooden members at the face of the load. When the load "tries" to move as the car experiences impacts, the Load Cushioners serve to brake the load. The straps strain to slide through the crimped Load Cushioners, but only enough to brake the load effectively. *Strapping Division, Signode Corp.*



Five-boom Adjustoveyor (RA-4)

The new 5-boom Adjustoveyor extends to 47½ feet, enabling it to reach the full depth of the longest trailers. Measuring 10 feet when closed, it offers infinite length variations to any extension in between. The new model is especially useful where docks are narrow or where working space is at a premium. It can be used with take-away systems or feeders, for automatic movement of materials from process or warehouse; or from trailer bodies into process or storage lines. It is fully power operated with safety control for in and out motion of the boom.

Options include a self-propelled model, which moves back and forth across docks, enabling work to be performed at many loading or unloading points. Another option is a universal drive which enables the adjustoveyor to be driven in any direction. The 5-boom model can be built to meet any environmental or operational conditions. All standard belt widths are available. *Stewart-Glapat Corp.*

Container coupler (RA-5)

A connecting device that joins two cargo containers for economic handling as one unit in transit and at docks and other transfer points has just been made available. The steel coupler is being in-

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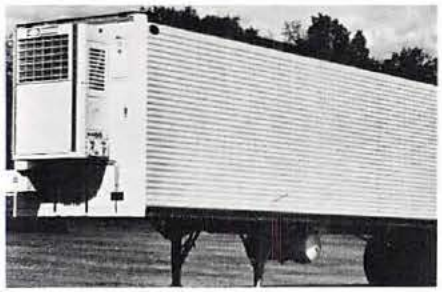
troduced under a license from the Weyerhaeuser Co. Its widest use is expected to be in joining 10- or 20-ft containers. Another important advantage will be the stability of two connected 20-ft units when loaded in a standard 40-ft cell of a container ship. This greater stability will reduce shifting and the possibility of damage during the roll of a ship.

The couplers are designed to fit corner castings on containers conforming to specifications of the American National Standards Institute and the International Standards Organization. Lugs on the couplers engage the inside face of the corner castings while the connectors act as spacers between the container, thus maintaining the specified over-all length of the unit. *RPC Division, Midland-Ross Corp.*



Refrigeration unit (RA-6)

The fan drive arrangement of the 6000A diesel-powered nosemount refrigeration units for trailers uses two belts instead of one to provide greater belt life and permit easier access for inspection or replacement. Condenser shutters have been eliminated in the heating system, assuring effective heating capacity despite low or fluctuating ambient temperatures. Rearranged piping and two conventional solenoid valves replace a complex three-way valve. The coupling between the diesel engine and compressor uses nylon bushing inserts on steel pins. The units deliver 38,500 Btuh of cooling at 35 deg F, or 19,500 Btuh at 0 deg F with either a Perkins or Mercedes diesel operating at 2,000 rpm. *Carrier-Transicold Co.*

Speedy package transfer (RA-7)

Transferring packages from main conveyor lines to a spur line, or the reverse, is done quickly and smoothly with a new reversible live roller spur curve. It is equipped with tapered and straight rollers; all the carrying rollers are driven, and dead spots are eliminated. The tapered rollers are on a true taper to move cartons onto or off the main transport conveyor in the same position in which they enter the curve. Drives can be mounted beneath the section or on the outside of the curve. *Logan Co.*

NEW LITERATURE

TRACKWORK. An 8-page color brochure illustrates Cleveland Frog & Crossing Co.'s entire product line of track crossings, frogs, switches and miscellaneous trackwork items. (NL-1)

CENTER FLOW ANATOMY. A recent service bulletin is designed to provide a working knowledge of the parts and accessories of an ACF Center Flow covered hopper car through use of an exploded visual with call-outs. A second brochure tells how the Center Flow car serves the plastics industry; various types of cars and outlets are described for plastics pellet or powder shipment by rail—as well as where to buy, lease and maintain the car. (NL-2)

SWITCH MACHINES. A General Railway Signal Co. catalog describes the Model 55 electric switch machine, an electrically operated switch and lock movement for mainline, interlocking and rapid transit service. Another catalog describes the GRS Generail air-powered switch machine. (NL-3)

BETTER SUPERVISION. A Ross & White Co. bulletin tells how its new "silent supervisor" closed-circuit TV system can substantially improve supervision of docks, service bays and repair areas. (NL-4)

CONVEYOR SYSTEM. A 12-page catalog from Logan Co. describes a line of pre-engineered conveyor components including gravity sections, belt and live roller conveyor components. (NL-5)

LEASING FOR PROFIT. A two-color Ward Systems & Equipment Leasing Corp. brochure called "How leasing increases your profits" defines equipment leasing and answers questions about what leasing is, what can be leased, why lease and who can lease. It also describes some of leasing's more important advantages. (NL-6)

FIRE RETARDING. An Ocean Coatings Ltd. brochure describes a product called Nonflam which is widely used on U.S. and Canadian railroads for fire-retardant treatment of timber structures. (NL-7)

LIFT TRUCK ATTACHMENTS. A 12-page, 4-color brochure of Little Giant Products, Inc., illustrates and describes 36 of the more than 2,000 designs of the firm's lift truck attachments. (NL-8)

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LETTERS

Exhibiting in Russia

Lombard, Ill.

To the Editor:

Some time ago (RA, July 26, p. 16), an article was carried in Railway Age regarding the recent rolling stock show held for the first time in Moscow, Russia. I thought you might be interested in a few comments from someone who participated in that show.

Of the 200 American companies invited by the Moscow Chamber of Commerce, only two were physically present —Holland Company and Abex. The Russians were very disappointed in not having more American companies there and were especially upset over the fact that some companies failed even to respond to their inquiry.

The interest shown by Russian technicians in the wares displayed in the American booth was extremely keen, as their railroads are very similar to ours. Their problems, likewise, closely parallel ours here in the United States. As the show was held in Shcherbinka, which is their Railroad Research Center, I was afforded many fine opportunities to take movies of not only the Russian equipment but of their test track as well. This track arrangement is very similar to what we are now building in Pueblo, Colorado. The programs under research are very extensive in nature. From what I have seen in Russia, I am most anxious to see the Pueblo Test Track.

As this was the first time Holland Company has exhibited in a foreign country, we were very anxious to present our product in as fair and detailed manner as we could, in view of the language difficulty. During the days the show was in operation, I found that, with respect to the terminology used in this country, as commonly found in our technical product bulletins, there were many instances where there was no translatable word or phrase in the Russian language. Therefore, any company planning to go to a foreign show in the future should pay special attention to how it describes its product. Comparable terminology should be clearly investigated before printing brochures in the foreign language.

May I suggest, too, that in the event American companies should ever exhibit in the future in a country such as Russia, they would do well to coordinate their booth because it will be commonly known as the "American Booth." I was somewhat chagrined when I saw how our booth looked as compared to companies from France, West Germany, East Germany, and England. I wished that someone had tipped me off so that we could have coordinated our color scheme with the other American company. We didn't hurt ourselves personally, but I don't believe we helped the image of our country.

While I am on the subject of images: during the first three days of the show, every "free world" embassy made a personal effort to visit its country's booth. After many phone calls, our embassy officials managed to find the place two days before the close of the show which I felt, quite frankly, was somewhat demoralizing.

R. F. Murphy
Vice President
Holland Company
Freight Equipment Division

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Circle 27 on coupon page 59

What's in Railway Age's

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● **First definitive review of 1971, to bring 1972 into proper perspective.**

● **Detailed facts of rail management's planning for 1972 in key areas of operation, equipment, plant improvement.**

● **Outlook for 1972 in Washington, and in oft-troubled area of management/labor relations.**

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. . . More than 13,000 railroad officers and top supervisors who make up the major recommending, specifying and buying influences in the industry;

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"The emphasis is on the Fascinating Future, not the dead past." – LUTHER MILLER, EDITOR

Ask your Railway Age representative about special positions adjacent to editorial material pertinent to your product. Some still are available.

Issue date: January 31, 1972.
Advertising closing date: January 17.

the newly created position of senior executive officer for operations management. He will have responsibility for all phases of subway and bus operations and maintenance. Mr. Scannell is succeeded as executive officer, Construction Administration, by **John T. O'Neill,** who will retain the title of chief engineer. **Hyman Feldman** named director of rapid transit car and bus development. Mr. Feldman has resigned as executive officer, operations and maintenance, for reasons of health. **Frank T. Berry,** executive assistant to the executive officer, named general superintendent, rapid transit, reporting to Mr. Scannell. **Jack Belsky,** general superintendent, surface, and **Robert H. Rapp,** chief, transit police, also report to Mr. Scannell. **Sidney Brandes,** general counsel, Transit Authority, appointed executive officer, Construction Administration, **Metropolitan Transportation Authority** and special counsel, Transit Authority. **John G. deRoos** succeeds Mr. Brandes as Transit Authority general counsel. Mr. deRoos' resignation as first deputy administrator, **New York City Transportation Administration,** became effective Oct. 15.

NORFOLK & WESTERN.—Eugene E. Nicewonder, superintendent at Cleveland Terminal, appointed superintendent, New River Division, Princeton, W.V. **Wilford C. Stevens, Jr.,** assistant superintendent, Radford Division, Roanoke, succeeds Mr. Nicewonder at Cleveland Terminal. **Frank K. Turner,** trainmaster, Fort Wayne Division, Peru, Ind., appointed assistant superintendent, Radford Division, Roanoke. **John P. Onest,** road foreman of engines, Lima, Ohio, named trainmaster, Peru.

Richard W. Parker appointed assistant general attorney, Cleveland.

G. E. Lewis, assistant chief claim agent, Roanoke, named chief claim agent, succeeding **R. P. Sayers,** retired, after 46 years of service.

H. C. Martin, engineer timber and treating, Roanoke, appointed forester.

Duane Fowler, assistant auditor of revenues, promoted to auditor of revenues, Roanoke, succeeding **John H. Leckrone,** who retired Oct. 31, after a 44-year railroad career.

NORFOLK SOUTHERN.—J. E. Andrews, assistant vice president—sales, elected vice president—sales, Raleigh, N.C. **M. L. Butterton,** general traffic manager—sales, elected assistant vice president—sales. **E. W. Hatch,** general traffic manager—rates, elected assistant vice president—rates. **C. L. Evans,** administrative assistant, appointed assistant to senior vice president.

PACIFIC FRUIT EXPRESS.—J. G. Donnelly, general traffic manager, appointed assistant general manager, Chicago, succeeding **Robert J. Keating,** who retired Oct. 31 after more than 48 years of service. Mr. Donnelly's former title abolished.

PENN CENTRAL.—G. L. Maas, assistant superintendent, Cleveland, promoted to division superintendent, Toledo Division, succeeding **George E. Williamson,** transferred to Detroit. Mr. Williamson succeeds **Cletus E. Gratz,** transferred to Cleveland, to re-

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended Nov. 13 totaled 444,596 cars, according to the Association of American Railroads. This was an increase of 7,657 cars, or 1.8%, compared with the previous week, and a decrease of 80,274 cars, or 15.3%, compared with the corresponding week last year.

REVENUE FREIGHT CARLOADINGS

Commodity	Nov. 13 Week	Nov. 6 Week	Oct. 30 Week
Grain	33,766	30,768	28,272
Farm products	22,156	19,284	19,409
Metallic ores	27,701	28,381	29,652
Coal	29,633	25,383	24,011
Crushed stone, gravel & Sand	28,853	28,969	28,661
Nonmetallic minerals	8,331	8,170	8,870
Grain mill products	18,476	18,490	19,236
Food & kindred products	24,802	25,115	25,562
Primary forest products	24,963	23,730	24,608
Lumber & wood products (except furniture)	15,343	15,613	16,212
Pulp, paper & allied products	22,836	23,314	23,348
Chemicals & allied products	25,508	25,411	25,965
Petroleum products	9,365	9,246	8,745
Stone, clay & glass products	18,862	19,502	19,732
Coke	6,003	6,327	6,070
Metals & products	18,948	19,401	19,103
Motor vehicles & equipment	24,338	24,970	25,635
Waste & scrap materials	13,298	13,209	13,686
Forwarder & shipper assn. traffic	6,720	6,703	6,753
All other carloads	64,152	64,363	64,694
LCL traffic	542	565	593
Total cars loaded	444,596	436,914	438,817

CUMULATIVE TOTAL, 46 weeks	1971	1970	1969
	22,520,533	24,282,090	25,117,088
Estimated revenue ton-miles (billions) 46 weeks	654.4	681.7	681.9

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Nov. 6 totaled 25,435 cars (0.5% below the corresponding week last year) and 42,584 trailers or containers (up 6.0% from 1970). Cumulative volume for the first 45 weeks of 1971 is 1,034,189 cars (off 6.2% from last year) and 1,694,577 trailers or containers (down 4.7% from 1970). In addition to freight, 2,806 cars carrying 4,468 trailers or containers of mail and express traffic were handled piggyback. Cumulative figures for the first 45 weeks of 1971 are 134,733 cars (down 16.0% from the 1970 total), and 204,792 trailers or containers (down 16.0% from 1970).

IN CANADA

10 days ending	Tons of Revenue Freight	Cumulative Totals
Oct. 31, 1971	6,184,605	177,194,439
Oct. 31, 1970	6,573,068	173,415,749

FREIGHT-TRAIN CARS

● *Santa Fe.*—As part of a $63-million 1972 equipment program, ordered 100 Conditionaire 100-ton covered hopper cars and 400 box cars (200 70-ton, non-cushioned cars; 100 100-ton plain box; and 100 100-ton cushioned plain box) from ACF Industries; 200 100-ton triple cross hopper cars from Greenville Steel Car; and 25 100-ton Airslide covered hopper cars from General American. Topeka, Kan., company shops will build 400 MTC cars and 200 insulated box cars, and will rebuild 500 40-ft box cars and modify a number of auto-carrier flat cars to 89-ft, 4-in. length.

● *Bad order drops.*—Class I roads on Sept. 1, 1971 owned 1,428,066 freight cars, 5,358 fewer than on Sept. 1, 1970, according to AAR report summarized below. Bad order ratio was 0.1% below last year.

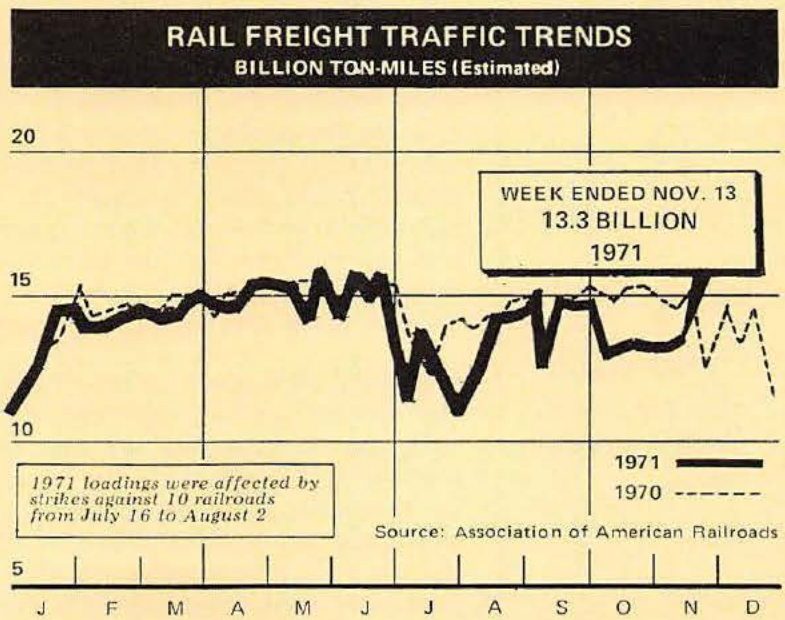
	Sept. 1, 1971	Sept. 1, 1970	Change
Car ownership	1,428,066	1,433,424	−5,358
Waiting repair	81,512	82,586	−1,074
Repair ratio	5.7%	5.8%	−0.1%

LOCOMOTIVES

● *Canadian National.*—Ordered 35 3,000-hp and 16 2,000-hp diesel-electric units from the Diesel Division, General Motors of Canada Limited, at a cost of $20 million. Deliveries will begin this year and be completed in 1972.

● *Quebec North Shore & Labrador.*—Ordered 40 3,000-hp SD40-2 diesel-electric units from General Motors of Canada at a cost of about $17 million. The new units, which GM's Diesel Division says will be equipped with a new modular electric component concept and "hi-tractive" trucks, will be delivered in two batches—20 units in spring of 1972 and 20 in spring of 1973.

● *Santa Fe.*—Ordered 37 3,600-hp diesel-electric units from EMD and 15 3,600-hp units from GE as part of a $63-million equipment program for 1972. In addition, Cleburne, Tex., company shops will rebuild 50 obsolete units into 1,500-hp road-switcher units for secondary and branchline operation.



Moving Freight

Campus housing: Modules come by rail

A 30-car train with 150 housing modules recently made an overnight run from the producer's plant at Avon, N.Y., to the University of Pittsburgh campus at Bradford, Pa., over Erie Lackawanna. The modules have been installed in 14 calendar days as part of a $1.5-million building program of the University, aided by the U.S. Department of Housing and Urban Development. David Stirling, Jr., chairman of Stirling Homes, the module producer, says: "We believe this gives evidence of the industrialized housing industry's ever-increasing capability to meet the nation's housing needs wherever and for whomever they are."

Jersey Central building new piggyback yard

Both domestic trailers and international containers will be handled in the new 15-acre, 55-car TOFC/COFC yard which Jersey Central has started adjacent to the Marine Terminal of the Port of New York Authority at Elizabeth, N.J. When the three-track facility becomes operational early in 1972, present operations at Elizabethport, N.J., will be transferred there and through piggyback trains will operate directly to and from the new site. Two Piggypackers, capable of bottom-lifting trailers and top-lifting containers, will perform the loading and unloading.

Mini-trains: Next stage of piggybacking?

As an alternative "to paving the entire country," more and more highway trailers will be "compelled to travel in TOFC service," predicts J. D. Middleton, executive vice president of Genex Terminal Co., a major shippers' agent specializing in piggyback consolidation services (RA, Oct. 25, p. 41). He sees trucking evolving into "an efficient, flexible short-range distribution system emanating from automated rail terminals." And, he told the New England Shipper/Motor Carrier Conference, coordination of automated railroads with short-range highway service has its beginnings in mini-train proposals by several railroads. Railroads and rail labor are working together in an effort to operate ten-car (20-trailer) trains on frequent round-trip-schedules between cities with heavy traffic flow.

Shrink-wrapped unit loads tested by General Foods

Shrink-wrapped unit loads are being tested by General Foods as an alternative to palletizing. Either of two polyethylene shrink-film wrapping techniques has been found to produce shipments capable of being clamp handled. The Birds Eye and Jello divisions are testing the new concepts for products moving between their plants and GF distribution centers. Products that previously had to be hand-stacked and shipped "dead-piled" to achieve the necessary load density in railroad cars are now unitized. Labor costs are reduced through accelerated loading and unloading; faster turn-around of rail equipment is also possible. Strengthened loads allow larger shipments in cars and trailers, often serving to reduce transportation costs.

PC Flexi-Flo sets new traffic, revenue records

Penn Central is studying expansion of Flexi-Flo, its coordinated rail-highway service for bulk commodities. Several of 12 existing terminals may be expanded and new facilities in other cities are being planned. Initiated in 1964 for cement, which still accounts for 40% of its revenues, Flexi-Flo combines the advantages of long-haul rail movement with the speed and flexibility of short-haul truck delivery. For the first nine months of 1971, combined tonnage for chemicals/foods and cement were up 32% over the corresponding 1970 period.

place **Robert A. Ruteledge,** now superintendent–operations, Central Region, Pittsburgh. **P. Edgar Ford,** assistant superintendent and supervisor–train operations, Fort Wayne Division, Fort Wayne, Ind., appointed assistant superintendent, Cleveland Division.

Dominic C. Costanzo, director of corporate tax administration, Philadelphia, appointed assistant vice president–taxes, succeeding **William C. Antoine,** resigned to join the **Southern** as general tax attorney, Washington, D.C.

READING.—Richard S. Frees, mechanical supervisor–cars, appointed manager of materials, Philadelphia, succeeding the late **George J. Young.**

ROCK ISLAND.—James J. Fields, assistant to regional manager-freight sales, New York, named regional manager-freight sales there, to succeed the late **Patrick J. Rice.**

Dr. Oliver V. Renaud named chief medical officer, Chicago, to succeed **Dr. J. M. L. Jensen,** retired.

Clyde H. Meyers, trainmaster, Estherville, Iowa, named assistant superintendent, Inver Grove, Minn. **James F. Broschart** succeeds Mr. Meyers. **John T. Ahern,** assistant trainmaster, Joliet, Ill., appointed terminal trainmaster, Silvis, Ill.

D. L. Gibson, general roadmaster, Silvis, Ill., named general supervisor of track there.

SEABOARD COAST LINE.—Robert E. Northup, general solicitor, Richmond, Va., elected secretary and general solicitor, succeeding the late **Francis J. Primosch.**

G. E. Hinnant and **F. S. Sciabica** appointed general agents at Fort Lauderdale, Fla., and Chicago, respectively.

SOUTHERN.—William C. Antoine, assistant vice president–taxes, **Penn Central,** Philadelphia, appointed general tax attorney, **Southern,** Washington, D.C., reporting to **Arnold B. McKinnon,** vice president–law.

N. C. Pace, assistant to vice president–communications, Washington, D.C., appointed assistant vice president–communications and signals.

Edward G. Kreyling, Jr., appointed vice president–marketing, effective Dec. 1, reporting to **Robert S. Hamilton,** executive vice president, marketing and planning. Mr. Kreyling has been vice president–marketing, **Penn Central.**

SOUTHERN PACIFIC.—Donald R. Vollmar, district traffic representative, Bakersfield, Calif., transferred to Sacramento, to succeed **R. C. Rayley,** advanced to assistant general traffic manager, Houston.

TERMINAL RAILROAD ASSN. OF ST. LOUIS.—J. E. Pinson named director-management services.

TRANSPORTATION ASSOCIATION OF AMERICA.—Paul J. Tierney, vice president and general counsel, Washington, D.C., elected executive vice president and general counsel. **Frank A. Smith,** vice president–research, elected senior vice president and secretary. **Willis W. Bixby** elected vice president of research and will continue to serve as secretary, Cooperative Project, which represents the machinery by which TAA formulates policy positions.

UNION PACIFIC.—Warren E. Miller, director, classification control, named assistant to vice president–operation, Omaha. **Edward M. Prouty,** vice president and assistant to the president, and **Norman B. Marvin,** vice president, retired Oct. 31.

Armond C. Taylor, assistant traffic manager, Seattle, appointed traffic manager, Boise, Idaho, to succeed **William V. Kee,** retired. Mr. Taylor's successor is **Donald A. Shum,** general traffic agent, Detroit, who in turn is succeeded by **Charles R. Hicks,** assistant to traffic manager, New York. Mr. Hicks' successor is **Thomas R. Gilbert,** traffic agent, Philadelphia. **James F. Featherstone,** general traffic agent, Toronto, Ont., transferred to St. Louis, succeeding **Theodore W. Gursky,** retired. **William Reynolds,** traffic agent, Toronto, replaces Mr. Featherstone.

F. D. Acord, general superintendent motive power and machinery, appointed chief mechanical officer, Omaha, Neb.

Glenn F. Call, assistant comptroller, **American Express Co.,** New York, appointed assistant controller–accounting, UP, New York.

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Circle 28 on coupon page 59

WESTERN MARYLAND.—**T. R. Knight,** general auditor, Baltimore, appointed controller, succeeding **E. Paul Holland,** who retired Sept. 30, after almost 46 years of service.

M. S. R. Watkins appointed assistant to manager—pricing. **W. C. Jones** named manager, Divisions Bureau.

Roy J. Peterson appointed district sales manager, Cincinnati, Ohio, succeeding the late **J. C. Francis.**

SUPPLY TRADE

Kenneth J. Conway, assistant vice president, **Camel Sales Co.,** Chicago, has been promoted to vice president.

Bruce J. Fischer has been named to the newly created position of sales manager, **Lithcote Co.,** a subsidiary of **Trans Union Corp.,** Chicago. He was formerly manager-repair sales, **Union Tank Car Co.,** another subsidiary of Trans Union, Chicago.

Donald R. Erickson, production superintendent, **Kemlite Corp.,** Joliet, Ill., has been named vice president in charge of production. **John W. Muren,** vice president and plant manager, has been promoted to general manager. **James B. Hickey,** sales manager, Transportation Division, appointed marketing manager. **James R. Hitt** succeeds Mr. Hickey.

Walter H. Pogue, Jr., has announced formation of **Railroad Equipment Supply & Consulting Co.** at 4904 Gadsen Drive, Fairfax, Va. 23030.

DIVIDENDS DECLARED

ALGOMA CENTRAL.—10¢, quarterly, payable in Canadian funds Dec. 1 to holders of record Nov. 10.

BURLINGTON NORTHERN.—5½% Preferred, 13¾¢ payable Dec. 31 to holders of record Dec. 10.

CANADA SOUTHERN.—$1.50, semiannual, paid Aug. 2 to holders of record July 20.

CANADIAN PACIFIC.—$1.60, semiannual, paid July 28 to holders of record June 28; holders voted to split the company's common 5-for-1, effective Oct. 1.

CAROLINA, CLINCHFIELD & OHIO.—$1.25, quarterly, paid July 15 and Oct. 15 to holders of record July 2 and Oct. 1, respectively.

CHESAPEAKE & OHIO.—$1, quarterly, paid Sept. 20 to holders of record Sept. 1.

GULF, MOBILE & OHIO.—70¢, quarterly, paid Sept. 13 to holders of record Aug. 23; 70¢, quarterly, 1, extra, both payable Dec. 20 to holders of record Nov. 30; $5 Preferred, $1.25, quarterly, payable March 20 and June 19 to holders of record March 1 and May 30, respectively.

LOUISVILLE & NASHVILLE.—$1, quarterly, paid Sept. 15 to holders of record Sept. 1.

MISSOURI PACIFIC.—Class A, $1.25, quarterly, paid Sept. 30 to holders of record Sept. 20.

NORFOLK & WESTERN.—$1.25, quarterly, payable Dec. 10 to holders of record Nov. 8.

PITTSBURGH & WEST VIRGINIA.—13½¢, quarterly, paid Sept. 30 to holders of record Sept. 8; 15¢, payable Dec. 27 to holders of record Dec. 6.

RICHMOND, FREDERICKSBURG & POTOMAC.—Common, $1.75, quarterly; 6% and 7% guaranteed, $1.75, paid Nov. 1 to holders of record Oct. 15. Common, $1.75, quarterly; $1.75 extra; 6% and 7% guaranteed, $3.50, all payable Dec. 31 to holders of record Dec. 15.

ST. LOUIS-SAN FRANCISCO.—60¢, quarterly, payable Dec. 15 to holders of record Dec. 1.

SOO LINE.—$1.25, paid July 27 to holders of record July 8.

SOUTHERN.—75¢, quarterly; 20¢, extra, both payable Dec. 15 to holders of record Nov. 15.

WESTERN MARYLAND.—20¢, reduced, quarterly, paid June 30 to holders of record June 18.

WHEELING & LAKE ERIE.—$1.43¾, quarterly, paid Aug. 2 and Nov. 1, to holders of record July 9 and Aug. 8, respectively.

George Sherman has joined **Midland-Ross Corp.** as vice president of industrial relations and personnel administration, Cleveland. He formerly was director of personnel and industrial relations, American Safety Razor Co., Staunton, Va.

Robert P. Winks has been appointed manager of marketing for **Luminator Division, Gulton Industries, Inc.,** Plano, Tex. He was formerly sales manager of transit products.

William J. Furbush has been appointed executive vice president and general manager, **International Car Co.,** Buffalo, N. Y. **Russell Southward** has been named vice president—manufacturing, **James V. Ross,** vice president—finance, and **Marvin A. Daut,** vice president—engineering.

Mario Martini has been named sales engineer, Chicago Regional Sales Office, **Industrial Division, Industrial Products Group, Evans Products Co.**

Fred W. Holstein has been appointed chief engineer of **Racine Railroad Products** at Racine, Wis. Mr. Holstein joined Racine in April with over 30 years of experience as a railroad supplier and designer of M/W equipment.

James A. Galvin has been appointed district railroad sales manager, **Motorola Communications & Electronics Inc.,** St. Louis, Mo.

Craig J. Duchossois has been named assistant manager of personnel, **Thrall Car Manufacturing Co.**

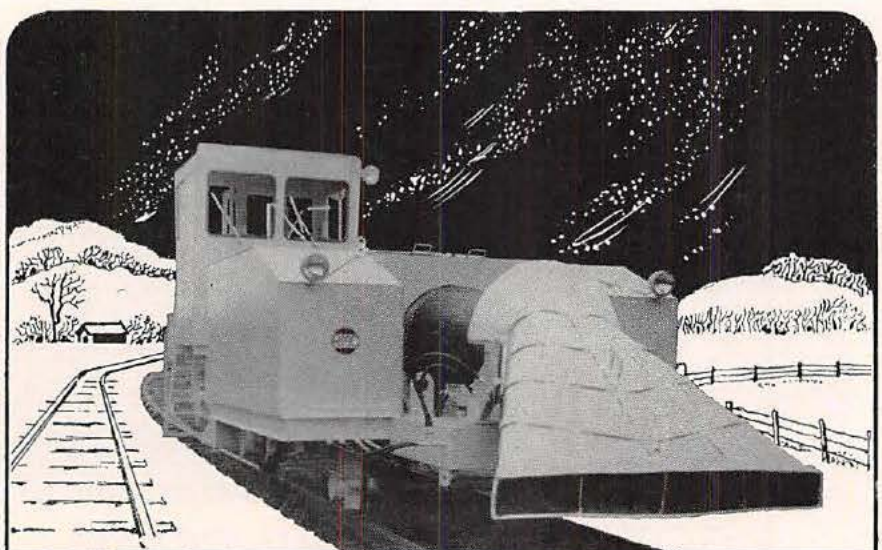
INDUSTRIAL TRAFFIC

Theodore J. Oechsner, former president of **Wayne Shippers Association** and divisional traffic manager, **American Cyanamid Co.,** both of Wayne, N.J., has joined **Associated Grocers, Inc.,** Birmingham, Ala., as director of transportation, a newly established position.

OBITUARY

J. J. Hennessy, Sr., 84, founder of **Hennessy Products,** died Sept. 12 in Chambersburg, Pa., after an extended illness.

Roy W. Tierney, 67, retired assistant general manager in charge of rates, **Illinois Central,** died Oct. 25 at Merrimac, Wis.



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Viewpoint

Optimism prevails despite the problems

About a year and a half ago, Railway Age published a "Management Close-Up" on Southern Pacific. The cover-line quoted SP President Benjamin F. Biaggini: "You just have to be optimistic about the future of railroading."

Well, at that point ASTRO was just getting off the ground, and there was no such thing as the Surface Transportation Act. There was not even an Administration/DOT transportation program. Penn Central had collapsed, and a good number of other railroads were in trouble. Things were, in a word, terrible. There were some—among railroad men, suppliers, customers—who must have thought that either Ben Biaggini or Railway Age's editors (or all of us) had gone direct to our taping session from a night in some San Francisco opium den.

Let the record show that we did not. Let the record also show that Mr. Biaggini, and Railway Age, still share an over-riding optimism, despite continuing problems. Finally, let the record show Mr. Biaggini's reasons for being optimistic—reasons which we can share:

—There is a new recognition, within government, "that the time to agree on action is at hand."

—The establishment of Amtrak has, with a few exceptions, "lifted a heavy financial burden from major railroads."

—Progress on work-rules reform with the operating brotherhoods "holds promise for improved productivity in rail operations over the long term." As negotiated, agreements with virtually all unions hold out hope for a substantial period of relative management/labor peace. And there is additional hope that Congress may take a serious look at legislation which will preserve the rights of both management and labor while it eliminates the all-around damaging effects of strikes and strike threats.

—Congress appears serious about comprehensive transportation legislation: "Something good should result, hopefully in time to be effective."

—The Administration has expressed its interest in legislative reform, to be considered along with other proposals.

—The railroad industry itself "is making good progress in getting together on efficient information systems, better terminal and interchange operations, runthrough trains, cooperative research and other improvements. Railroad managements are vigorous, and they are alert to the necessities of customer service as never before."

BUT THERE ARE SOME DISSENTERS

In the total railroad community—which includes management, labor, suppliers, buyers of railroad service—there has always been an opinion gap. There are honest and practical men on both sides—those who believe that railroads are just beginning to show what they can do, and those who say it is only a matter of time before the industry succumbs to decay and malnutrition.

Among these honest and practical people, somebody has got to be wrong. Ben Biaggini, Railway Age and a lot of other pragmatists think it is the doomsayers who will be eating their words.

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Railroad crisis?

Or transportation crisis?

It is said that the farthest you can get from a railroad in Iowa is a dozen miles.

This is because when the railroads were used to open the territories west of the Mississippi, it was planned that no farmer would be farther from a railroad than a day's journey by horse and wagon.

That was in 1900.

Today, the Iowa farmer is no further from a railroad than 20 minutes by truck. In fact, rather than delivering to the nearest railroad, he can—and often does—continue right on to the final delivery point.

Today, trucks now carry over 21 per cent of all intercity freight traffic.

Oil that once traveled exclusively by train, now flows through pipelines, too, accounting for almost 22% of intercity freight movement. Ships and barges now carry 16% of all goods moving between cities, with airlines carrying .2% of the cargo, and growing.

Railroads were once the nation's total transportation system.

Today, they are only a part of a total system. But a very important part, carrying over 40% of the nation's freight.

Neither the Iowa farmer, nor the Pennsylvania industrialist, is bound exclusively to the railroads as a means of transporting goods.

Not only are there alternate modes of shipping, but also a newer concept in using them. Often several modes are used, with a single shipment traveling by ship and train and truck to achieve greater efficiencies in time and money.

This is what today's total transportation system is all about. It has spurred the growth of the American economy to its present strength, and the health of this transportation system is essential to its continuing growth and strength.

That is why in our total transportation system we need ships.

And we need barges.

And we need pipelines.

And we need planes.

And we need trucks.

And we need railroads.

But railroads can no longer be treated as a total transportation system in themselves, governed separately by the phantom needs of 1900.

In being required to maintain services and facilities that are no longer needed, the railroads are incurring losses that prevent updating of services to meet modern needs. Losses that are contributing to their swift destruction.

Even competitive forms of transportation support the railroads' pleas for new legislation in these and other specific areas.

Because it means much more than the survival of the railroads.

It means the survival of our total transportation system, and the future of the economy itself.

This message on behalf of Americans and their railroads appears nationally in leading newspapers, as a public service of **Pullman-Standard,** America's leading builder of rail cars. *Reprints* are available by writing Pullman-Standard Division, Pullman Incorporated, 200 South Michigan Avenue, Chicago, Illinois 60604.